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Legal Case on Clinton Is Uncharted Territory

President's Popularity Complicates Issue

By Ethan Bronner
New York Times Service

NEW YORK — The legal waters into which the independent counsel, Kenneth Starr, and President Bill Clinton have plunged are murky and relatively unexplored, criminal law experts say. Much will depend on interpretation of the evidence — mostly words and the intent behind them — and of the federal statutes, which also consist of words and their intent.

The crimes that are the subject of the investigation are not minor. They include perjury, subordination of perjury and obstruction of justice as well as conspiracy to commit any or all of them. Each carries a maximum penalty of five years in prison except obstruction, which can carry up to 10 years in prison.

The case is all the more complex because impeachment is a political process and Mr. Clinton remains, at the moment, quite popular.

It is not publicly known what Monica Lewinsky will say in her grand jury testimony or what corroboration will be brought to bear in the form of testimony by others, like her mother, Marcia Lewis, and material evidence, including taped messages and alleged gifts.

But it has been widely reported that

FBI Lab to Analyze A Lewinsky Dress

Kenneth Starr, investigating Bill Clinton's relations with Monica Lewinsky, has received a dress she said she wore while with the president and has moved for a DNA test by the FBI. Mr. Clinton said Friday that he was eager to settle the issue. Page 3.

Americans Still Indulgent

Most Americans assume that Bill Clinton the husband and father is lying. But most Americans don't want Bill Clinton to be impeached for it. Page 3.

Ms. Lewinsky will testify that she and Mr. Clinton had a sexual relationship and later discussed ways to deny and hide it. That brings up first the question of perjury, which is to lie under oath in a legal proceeding on a material matter. On Jan. 17, in a sworn deposition in the Paula Jones lawsuit against Mr. Clinton, the president denied having had a sexual relationship with Ms. Lewinsky.

If, when he testifies on Aug. 17, he changes his story, he will have been guilty of perjury in that deposition. If, on the other hand, he sticks by his earlier statement, and the independent counsel can corroborate Ms. Lewinsky's claims that she had sex with him, the president risks being charged with perjury in these grand jury proceedings.

If criminal charges are brought, it will be up to a jury to decide between the two versions. If impeachment proceedings result, it will be up to Congress.

New believe Mr. Starr will attempt to bring criminal charges against Mr. Clinton. It is not even known if that is constitutionally permissible. But Mr. Starr is expected to file a report to Congress, which may decide to pursue impeachment even if no clear crime has been committed.

As he gives his testimony, the president will not know exactly what Mr. Starr has as countervidence.

If Mr. Clinton changes his story and says that there had been a sexual re-

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Deutsche Bank Says It 'Regrets' Nazi Deals

By John Schmid
International Herald Tribune

FRANKFURT — Deutsche Bank AG, faced with new findings that it might have knowingly purchased gold taken from the victims of Nazi concentration camps, on Friday accepted "moral responsibility" for its dealings during the "darkest chapters in its history."

The admission gave new hope to a group of Holocaust survivors and their heirs who filed an \$18 billion class-action lawsuit in New York last month against Germany's two biggest commercial banks, alleging the banks knowingly accepted the cash, wedding rings, tooth fillings, spectacles and other property seized from Holocaust victims.

The report confirms that business was conducted with the stolen Nazi gold. It is a "damning report," said Michael Witi, a Munich-based attorney and the German partner in the U.S. suit against Deutsche Bank and Dresdner Bank AG, the two banks named in the suit.

The conclusions of an independent panel of historians, commissioned last year by Deutsche Bank, Germany's largest bank, to examine its activities during the Nazi years and released Friday, support the claims in the lawsuit, Mr. Witi told Reuters.

The five commission members from Israel, the United States, Britain and Germany said that Deutsche Bank bought 4,446 kilograms of gold from the Reichsbank, the central bank of Nazi Germany. The gold was worth just over \$5 million at the time.

Of those purchases, the bank acquired at least 744 kilograms of "Mehmer gold," taken from concentration camp victims and later recast into bullion bars under the direction of the SS officer Bruno Melmer.

It was "probable" that some Deutsche Bank managers knew of the origins of the gold, the commission said, after a "painstaking" paper chase through the bank's war-era ledgers. But the panel also conceded that it found "no clear evidence" that the bankers definitely knew that the gold belonged to concentration camp victims.

"The trade in gold was profitable," the commission found. "Although gold trading accounted for 0.15 percent of the bank's total

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Fear Haunts Cambodians Who Opposed Hun Sen

By Seth Mydans
New York Times Service

PHNOM PENH — For many Cambodians, a vote against the ruling party in the parliamentary elections last Sunday was an act of physical bravery.

Now that the ruling party has apparently won, a growing number of its opponents are fleeing from their villages to the capital, Phnom Penh, saying that they have been threatened with reprisals.

Their reports portray a climate of intimidation in the country's thousands

of isolated villages that political analysts said could have contributed to the victory of the incumbent leader, Hun Sen. The frightened villagers said that they were supporters of Mr. Hun Sen's two chief rivals, Prince Norodom Ranariddh and Sam Rainsy.

Though two dozen people were reportedly killed during the monthlong election campaign, human rights groups said Friday that they had not received any confirmed reports of violence since the election.

But given Cambodia's history of political killings, threats alone appear-

ed to have been enough to sow fear.

Preliminary official and unofficial vote counts have given Mr. Hun Sen's party a commanding lead, though not enough to form a government without forming a coalition with at least one of his rivals. The three parties are now engaged in a round of negotiations and mutual recriminations.

The reported threats to voters, many of which were made in advance of the vote, included warnings of post-election reprisals, harassment by armed and sometimes drunken men, nocturnal visits and reminders of past political killings.

One opposition member who said he had received death threats told a human rights investigator he had stayed in his village just long enough to vote, then fled to Phnom Penh.

"He was told, 'If you lose, you had better get out of here; otherwise we'll kill you,'" the investigator said. "It's the same story again and again, except that it comes from all around the country."

An opposition organizer named Chay Chum, a 64-year-old farmer, said he had fled because village officials had told

See CAMBODIA, Page 8

Toyota's Gas/Electric Hit A Success at Home, Hybrid Car Heads for U.S.

By Andrew Pollack
New York Times Service

LOS ANGELES — The Prius, the world's first mass-produced hybrid vehicle, has been a sales success in Japan since its debut last December, leading its manufacturer, Toyota Motor Corp., to hope it can break through U.S. consumers' resistance to electric cars when it appears here in 2000.

The Prius (pronounced PRE-us) combines a gasoline engine with an electric motor, promising pollution levels nearly as low as those of fully electric vehicles but with the everyday practicality of a conventional gasoline-powered automobile. For that reason, many engineers are more excited about the potential of hybrid vehicles than they are about electric cars.

In the eight months the Prius has been on the market in Japan, more than 7,700 have been sold. That qualifies as a suc-

cess as measured against the modest expectations for any alternative vehicle. Toyota says the Prius will reach the American market late in 2000.

Sales are strong partly because Toyota is selling the vehicle for 2.15 million yen (\$15,000) — well below the car's development and production costs and only about \$1,500 more than the similarly sized Corolla.

The price in the United States and other details of the American model have not been determined, but the challenge there will be greater than in Japan. Gasoline prices in the United States are a fraction of Japanese prices. Moreover, Toyota must substantially alter the design if the Prius is to deliver its promised fuel economy and low emissions under American driving conditions.

In Japan's standard fuel-economy test, the Prius gets a remarkable 66 miles

See CAR, Page 8

1,500 Light-Years Away, a Cloud Yields New Twist on Origin of Life

By Malcolm W. Browne
New York Times Service

twist of key molecules in living creatures and help explain how life arose.

The form of circularly polarized radiation they found is said to be circularly polarized — that is, the crests and troughs of its waves follow corkscrew paths as they travel through space.

Using a large, specially equipped telescope on Siding Spring Mountain in Australia, the scientists detected the corkscrew rays streaming from a bright nebula known as M42 in the constellation Orion. Its discoverers believe that similar radiation could account for the uniform

stellar nursery, where thousands of new stars are condensing from the surrounding gas and dust, probably along with new planetary systems that might one day support life.

In their report, Jeremy Bailey of the Anglo-Australian Observatory and his collaborators from Britain, France and Japan say that their discovery supports the view that such radiation can help concentrate the molecules vital to life.

Mr. Bailey said in an interview this week that the discovery came as a complete surprise. He said that members of his group had intended merely to investigate the composition and distribution of dust in the Orion nebula and had not expected to see the high levels of circular polarization they detected.

The discovery may shed light on the chirality, or handedness, of terrestrial biology.

In 1848, Louis Pasteur discovered that some carbon-based molecules come in two mirror-image forms, matched with each other just as pairs of gloves are matched. One of the molecular types in such chiral, or handed, partnerships rotates beams of light to the right, and the other rotates light to the left.

After that discovery, other scientists found that the building blocks of life themselves, amino acids and sugars, are also chiral.

When chemists synthesize amino acids in the

See RADIATION, Page 8

AGENDA

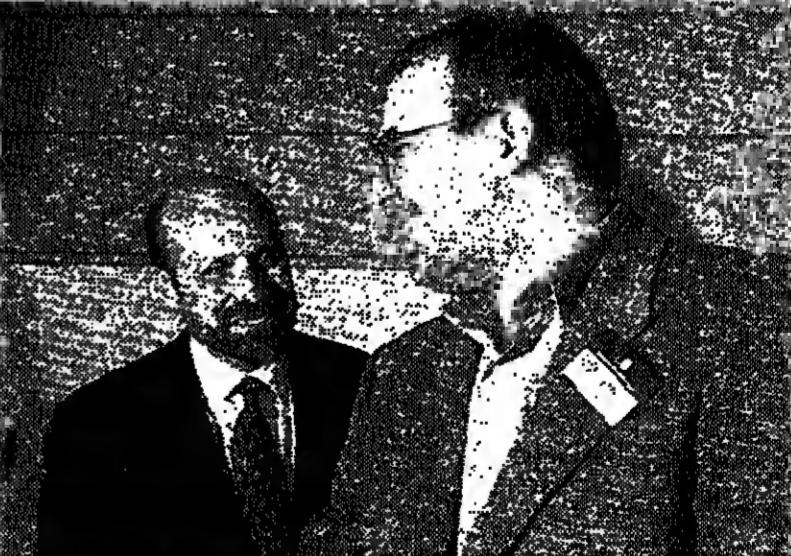
U.S. Growth Eases And Stocks Tumble

The U.S. economy slowed in the second quarter, but growth remained above expectations because strong consumer spending blunted some of the negative effects of the crisis in Asia and the General Motors strike.

The government report weighed on the Dow Jones industrial average, which closed 143.66 points lower Friday. It was down as much as 195 points during the day. The gross domestic product expanded at a 1.4 percent annual rate in the second quarter, down sharply from a revised 5.5 percent rate in the first quarter. Page 9.

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The IHT on-line www.iht.com

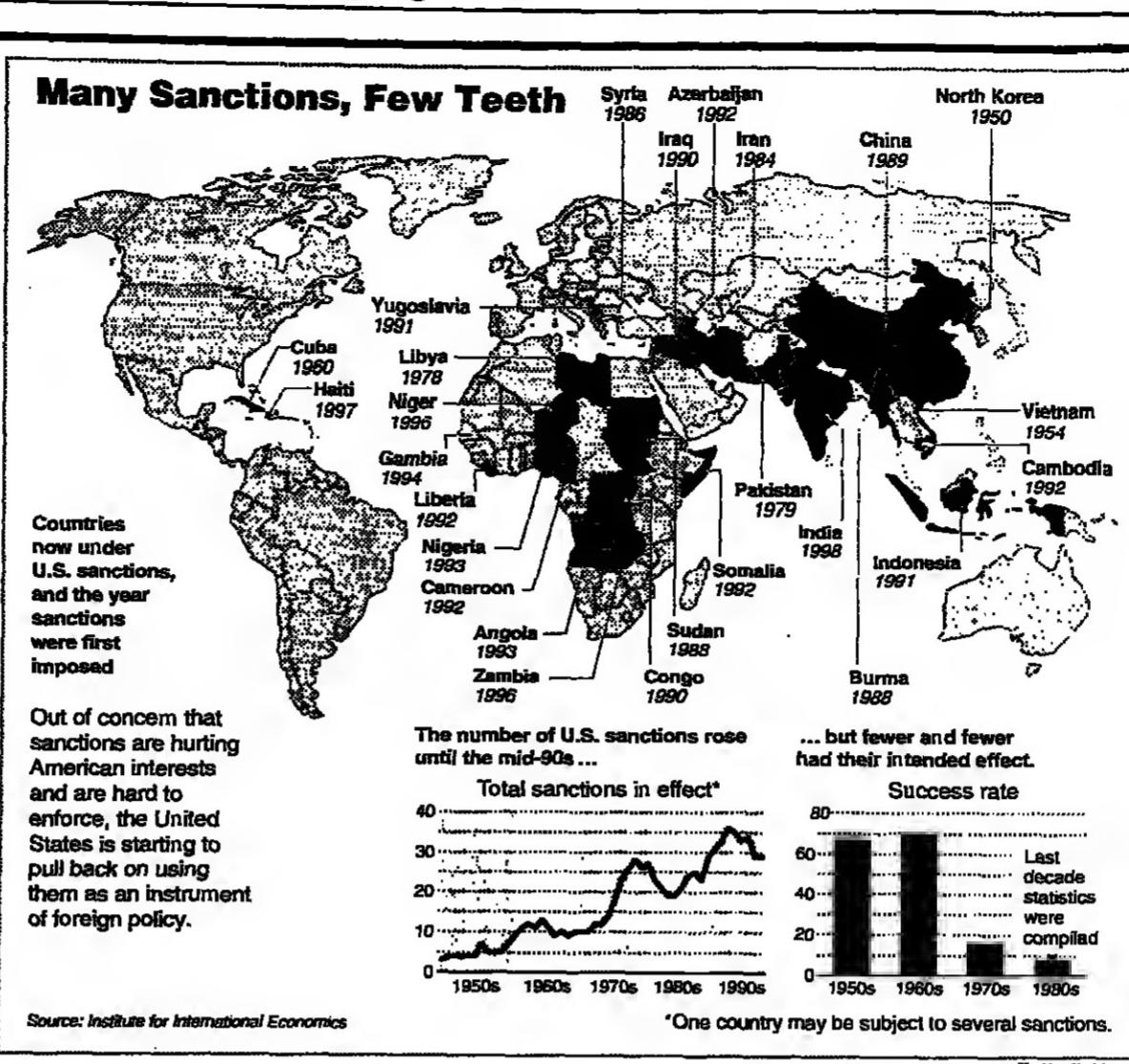


HOSTAGE AND CAPTOR RECONCILE — Barry Rosen, left, who was held in the American Embassy in Tehran in 1979, meeting in Paris on Friday with Abbas Abdi, who was one of his student captors. Page 8.

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Newspaper Prices		
Bahrain	1,000 BD Mills	55 c
Cyprus	£ 1.00	Nigeria 1,250 Naira
Denmark	14.00 DK	Oman 1,250 OR
Finland	12.00 FM	Qatar 10.00 QR
Gibraltar	£ 0.85	Ireland £ 1.00
Great Britain	£ 0.90	Saudi Arabia 10 SR
Egypt	£ 5.50	S. Africa 112 + VAT
Jordan	1,250 JD	U.A.E. 10.00 Dh
Kenya	K Sh. 150	U.S. Mil. (Euro) \$ 1.20
Juwait	700 Fils	Zimbabwe \$ 50.00

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Joblessness Hits Record As Obuchi Takes Office

Clinton Presses Japan To Stimulate Economy And Lead Asia Recovery

Bloomberg News

TOKYO — Japan's new prime minister, Keizo Obuchi, received an early reminder Friday of how deep the nation's recession is after the government reported record postwar unemployment, the 18th straight decline in housing starts and the steepest fall in Tokyo consumer prices since 1989.

The government also reported that manufacturers were cutting factory workers' overtime hours because of falling sales, and that construction companies' orders had dropped in June for the sixth straight month.

The bad economic news had little impact on Japanese financial markets, yet it highlighted the difficulties that Mr. Obuchi faces as he inherits an economy beset by tumbling profits, rising bankruptcies and declining corporate production, capital spending, hiring and wages.

"These economic figures show what a mess the economy is in," said David Brickman, an economist at PaineWebber International.

At a Washington press conference Friday, President Bill Clinton said Japan must move quickly to "stimulate and open" its economy. He noted that without a turnaround in the Japanese economy, "it will be difficult" for Asia to make a comeback financially.

Mr. Obuchi, who was sworn in Thursday, has pledged to put more money in people's pockets through increased spending, although many investors and analysts question whether he can act quickly enough to fix Japan's problems.

The Bank of Japan has warned the economy's decline may be picking up speed, and the Economic Planning Agency said Friday it was considering cutting the government target of a 1.9 percent rise in economic output for this year.

The unemployment rate jumped to a postwar record 4.3 percent in June, up

See JAPAN, Page 13

The Dollar		
New York	Friday 8:4 PM	previous close
DM	1.7768	1.7305
Ven	144.615	143.72
FF	5.9565	5.9703
Pound	1.6327	1.6365
Dollars per pound		

The Dow		
<tbl

After 46 Years, Britain Exonerates a Man Who Was Hanged

By Sarah Lyall
New York Times Service

LONDON — For 46 years the relatives of Derek Bentley, hanged at 19 for his role in the murder of a police officer, told anyone who would listen that he was the victim of a terrible miscarriage of justice.

They went to Parliament looking for the support of legislators.

They went to Speakers' Corner in Hyde Park in London and pleaded their case before the gathered crowds.

They went to documentary filmmakers, reporters and crusading book authors. And year after year they went to the British government, asking for help, and were turned away.

On Thursday, the Bentley family and what had become a passionate network of supporters finally got what they had fought for. Britain's highest court overturned the conviction against Mr. Bentley.

ley, saying that the trial judge had presented such a one-sided account of the case to the jury that Mr. Bentley had been denied "that fair trial which is the birthright of every British citizen."

"It must be a matter of profound and continuing regret that this mistrial occurred and that the defects we have found were not recognized at the time," the court said.

On the night of Nov. 2, 1952, Mr. Bentley and a 16-year-old friend, Christopher Craig, were confronted by police as they tried to break into a warehouse in south London. While Mr. Bentley, who was prone to seizures and had the mental age of 11, was held by one of the officers, Christopher Craig shot and killed Police Constable Sidney Miles.

Although Mr. Bentley took no part in the killing, three officers testified that he had yelled, "Let him have it, Chris." inciting his friend to fire at Constable Miles.

Despite Mr. Bentley's assertion that he never uttered those words, an assertion that was backed up by Christopher Craig and several other witnesses, he was convicted of murder and hanged in January 1953. Because of his age, Christopher Craig was sent to prison and was released after 10 years.

In its judgment Thursday, written by the chief justice of the Court of Appeal, Lord Bingham, the court found that the language used by the trial judge amounted to a "highly rhetorical and strongly worded denunciation of both defendants and their choices."

Among other things, the court concluded, the trial judge gave far too much weight to the word of the police officers.

"The jury were never fairly invited by the trial judge to consider the points which had been made on the appellant's behalf," the judgment said. "The effect was to deprive him of the protection

which jury trial should have afforded." The court also said that even if Mr. Bentley had yelled, "Let him have it," the statement was ambiguous. "It could bear an innocent meaning, being an encouragement by the appellant to Craig to hand over his weapon," the ruling said.

The day Mr. Bentley was executed, crowds demonstrated outside Wandsworth Prison, where he was being held, and at the Houses of Parliament. And his 21-year-old sister, Iris, who had already lost two siblings, returned her engagement ring to her fiancé and vowed to spend the rest of her life fighting to clear her brother's name.

In years of campaigning, petitioning and hoping, she achieved a number of hard-won victories. In 1965, Parliament voted to abolish the death penalty, in part because of the country's continued unease over the Bentley case.

In 1968, Mr. Bentley's remains were

removed from a prison graveyard and buried in a grave in a south London cemetery, which Miss Bentley kept covered in flowers and where the headstone reads: "Here lies the body of Derek Bentley, a victim of British justice."

The case inspired countless sympathetic books, television documentaries, songs and films, including the 1991 feature film, "Let Him Have It."

And although one home secretary after another turned down Miss Bentley's requests to reopen the case, in 1993 Home Secretary Michael Howard finally granted Mr. Bentley a limited pardon, saying he should not have been put to death.

Last November, the Criminal Cases Review Commission, an independent body set up to re-examine possible miscarriages of justice, finally sent the Bentley case to the Court of Appeal. But the decision was too late for Iris Bentley, who died earlier in 1997 after a long struggle with cancer.

Austrians Warned On Beef Products

VIENNA — Austria advised its citizens Friday to avoid beef products until further notice after 80 tons of frozen beef destined for the Italian market were found to be contaminated with a carcinogenic hormone, silbume.

The consumer affairs minister, Barbara Prammer, said that all beef products, including sausages, should be avoided for a few days.

Fresh meat is not covered by the warning. (Reuters)

Turks Discussing Anti-Islamic Front

ANKARA — The coalition partners in Turkey's outgoing government are discussing forming an alliance to block the Islam-based Virtue Party at local elections next year, party leaders said in comments published Friday.

Prime Minister Mesut Yilmaz put this issue on the agenda of discussions, according to the newspaper Hurriyet.

Deputy Prime Minister Bulent Ecevit said his Democratic Left Party and Mr. Yilmaz's Motherland Party were considering a single candidate in key cities.

The Islamists swept the last local polls, in 1994, taking Ankara and Istanbul and dozens of other municipalities in their first major electoral success. (Reuters)

Russia Targets Nazi Propaganda

MOSCOW — The Russian government, alarmed at what it sees as a rise in neo-fascist political tendencies, expects Parliament to ban Nazi symbols and propaganda before the end of August, the justice minister said Friday.

Pavel Krasneninikov said that party leaders had already indicated they would enact the bill at a special mid-vacation session. (Reuters)

Gonzalez Calls Verdict Unfair In Trial Over 'Dirty War'

The Associated Press

MADRID — Former Prime Minister Felipe Gonzalez of Spain on Friday described as radically unjust a Supreme Court verdict that found two officials of his government guilty of "dirty war" activities against Basque separatists. He contended that the court had been under pressure from the current conservative government.

In his first public reaction to the verdict Wednesday, Mr. Gonzalez, a Socialist, told the Spanish news agency Europa Press that he would support Jose Luis Barrio, the former interior minister, and Rafael Vera, the former state security chief, until the end.

Asked whether he thought the conservative government of Prime Minister Jose Maria Aznar had pressured the court, Mr. Gonzalez replied: "It's not that I believe it. It's obvious."

Mr. Barrio, and Mr. Vera were both sentenced to 10 years in jail after being found guilty along with 10 others of the 1983 kidnapping of a French businessman who had been mistaken for a bit man from the Basque separatist group ETA. Of the 12 defendants, only Mr. Barrio and Mr. Vera had pleaded not guilty.

The abduction was the first action attributed to the Anti-Terrorist Liberation Group, or GAL, which killed 27 people between 1983 and 1987 in its pursuit of ETA members and sympathizers. Many of its victims turned out to be mistaken targets.

Mr. Gonzalez has long denied allegations that his government, in power for 13 years until it lost elections in 1996, set up and ran the GAL death squads. The scandal and other controversies contributed greatly to the Socialist Party's election defeat.

As a witness during the 22-day trial, which ended July 14, Mr. Gonzalez denied that his government had had anything to do with the dirty war. He has long contended that members and supporters of Mr. Aznar's government orchestrated a plot to discredit him.

"Why did they do it?" Mr. Gonzalez asked rhetorically during the interview. "Because they believed that was the only way open for them to win. Their policies are based on destruction and elimination of the adversary," he added.

McDonald's



ROYAL WITH CHEESE? — Queen Elizabeth II arriving at a McDonald's restaurant in Ellesmere Port, northern England, on Friday while on a regional tour. The monarch did not stay for dinner. (The Associated Press)



Buffalo Bob, whose 'Howdy Doody Show' was a hit with baby boomers, holding an original Howdy Doody puppet in 1997. (Merry Landenberger/The Associated Press)

'Buffalo Bob' Smith of 'Howdy Doody' Fame Dies

By Claudia Levy
Washington Post Service

WASHINGTON — "Buffalo Bob" Smith, whose "Howdy Doody Show" was a founding program of children's television and must viewing for young baby boomers nationwide, died of cancer Thursday at a hospital in Henderson, North Carolina. He was 80.

"Howdy Doody," which Mr. Smith helped create and sustain for years as a cultural phenomenon, featured a red-haired, freckle-faced marionette in a cowboy outfit. Howdy's lines were spoken by Mr. Smith, who dressed in a cowboy outfit, too, and acted as host.

Mr. Smith, who was born Robert Schmidt, began in radio in his native Buffalo when he was 15. He got his break in show business two years later when he joined the vaudeville act of singer Kate Smith. He played the piano for her and acted as master of ceremonies.

He was doing a Saturday radio program called "The Triple B Ranch" in 1947 when NBC began to look for a children's television program. Mr. Smith had invented a goofy character named Elmer whose catch phrase, when introduced to children, was "Well, howdy doody!"

"Howdy Doody" evolved out of Mr. Smith's program, and an early television show called "Puppet Playhouse," which gained attention in New York in 1947 during a blizzard that kept schoolchildren at home and desperate for amusement.

The "Howdy Doody Show" lasted 13 years, finally succumbing to the rivalries of "The Mickey Mouse Club," cartoons and other daytime programming.

But it set several marks: It was the first daytime program broadcast regularly in color and the first mega-hit among elementary school students of the burgeoning postwar generation.

"Howdy Doody," scripts, written in large part by Eddie Dean, reflected the innocence of the time, with messages about safety and respect for parents.

It was one of the first television offerings with major and lucrative merchandising tie-ins. Young fans pestered their parents to buy them hundreds of thousands of "Howdy Doody" lunch boxes, wallpaper,

sweat shirts, toys and other merchandise. By the end of 1950, half a million "Howdy Doody" record albums and 15 million comic books had been sold.

Mr. Smith's opening greeting — "Hey, kids, what's time is it?" — elicited a daily response — "It's Howdy Doody time!" — from the nearby Peanut Gallery, as the studio audience was known. The youngsters were an integral part of the program, which also featured Clarabelle the Clown, Princess Summerfall Winter-Spring, Phineas T. Bluster, Dilly Dally, Chief Thunderthud, Trapper John and Flubadub.

Mr. Smith, who did two radio programs a week in addition to "Howdy Doody," suffered a heart attack in 1954. But the network set up a studio in his basement and he was able to perform from there for a year.

"The Howdy Doody Show" was cut back to Saturdays in 1956 and went off the air four years later, after a record run of 2,343 shows. Mr. Smith, who had sold the rights to the program to NBC in 1951, invested in television stations in Maine, a liquor store and real estate.

He re-emerged as a cultural icon in 1970, when he was asked to speak at the University of Pennsylvania. He was dubious that college students made cynical by the Vietnam War and civil rights protests would be interested in him anymore. "I thought they were joking," he told interviewers.

But he was greeted with an emotional outpouring of affection by a packed auditorium. It was good, he later said, "to know that they want to receive their happy, carefree days."

After that, Mr. Smith was a regular on the college lecture circuit and, later, at shopping mall shows and nostalgia conventions. He taped 130 new "Howdy Doody" programs for syndication, but the show failed to catch on with the children of baby boomers.

Mr. Smith later sold illustrations on the QVC shopping network and occasionally starred in commercials. His book of memoirs, "Howdy and Me," was published in 1991. He was warm in his praise of "Sesame Street."

Aging fans now trade "Howdy Doody" memorabilia that has grown increasingly pricey, and the original trappings of the show were sold at auction by a prestigious firm.

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.



French Probe Crash Of Planes Off Coast

Agence France-Presse

QUIBERON, France — Prosecutors opened a manslaughter inquiry Friday into an air collision and crash into the sea of two French aircraft off Brittany in which 15 people are believed to have died.

Seven bodies were found late Thursday shortly after the collision of a Beechcraft 1900 regional passenger plane of the Proteus airline and a Cessna of the Vannes Air Club.

Searches were under way for eight others presumed killed after the aircraft plunged into the Atlantic 10 kilometers (six miles) from this coastal town.

The Beechcraft evidently deviated from its flight path to give passengers a look at the cruise ship Norway, formerly the France, which was in the area.

Four helicopters, diving teams and a navy plane resumed the search early Friday after a coast guard vessel spent the night searching the area.

The investigators will interview witnesses who were aboard a boat and two planes in the vicinity.

They will also study air-traffic recordings at the western towns of Lorient and Brest, and also a Lyon, the departure point of the Beechcraft.

Charles Tillinghast Jr. Is Dead; Lawyer Was Chairman of TWA

New York Times Service

In 1960, Sir David accompanied Prime Minister Harold Macmillan on an African tour and wrote the prime minister's famous "winds of change" speech, delivered to the South African Parliament. After serving as ambassador to Brazil between 1969 and 1973, Sir David retired from the diplomatic service and wrote scholarly books and articles on art history.

He published an autobiography in 1975.

ASA TAKII OF HIROSHIMA, 114, Oldest Person in Japan

The Associated Press

TOKYO — The oldest person in Japan, Asa Takii, died Friday. She was 114. She was born on April 28, 1884, in Hiroshima. She was there on Aug. 6, 1945, when the atomic bomb killed her husband and family and buried her in rubble until she was found days later.

She died of heart complications in a nursing home in Hiroshima prefecture.

The Japanese have the world's longest life expectancy: 83 years for women and 77 years for men, according to the Health and Welfare Ministry.

Europe

Today High Low

Algeria 26.02 26.02

Antwerp 26.02 26.02

Athens 26.02 26.02

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Brussels 26.02 26.02

Copenhagen 26.02 26.02

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Lewinsky Dress Offered as Evidence

FBI Test Sought to Determine if There Is DNA Link to Clinton

By Don Van Natta Jr.
and John M. Broder
New York Times Service

WASHINGTON — Prosecutors are seeking genetic tests on a dress belonging to Monica Lewinsky that, she has said, contains evidence of a sexual encounter with President Bill Clinton, lawyers close to the case say.

Ms. Lewinsky turned the dress over to the office of the Whitewater independent counsel, Kenneth Starr, on Wednesday, the lawyers said. It had been stored for several months in the New York apartment of Ms. Lewinsky's mother, Marcia Lewis.

This could put the mother in jeopardy of an obstruction-of-justice charge for concealing evidence that the prosecutors had sought during a search of Ms. Lewinsky's apartment in Washington.

[President Clinton pledged Friday to testify "completely and truthfully" in the Monica Lewinsky investigation. The Associated Press reported from Washington.]

"No one wants to get this matter behind us more than I do, except maybe all the rest of the American people," Mr. Clinton said at a Rose Garden ceremony. "I am looking forward to the opportunity in the next few days of testifying."

"I will do so completely and truthfully. I am anxious to do it. But I hope you can understand why in the interim I can and should have no further comment on these matters."

Ms. Lewinsky and her mother were given broad grants of immunity from the prosecution this week in exchange for providing full accounts of Ms. Lewinsky's relationship with the president.

They also agreed to turn over evidence, including the dress, and answering-machine tapes containing messages to Ms. Lewinsky left by the president, the lawyers said.

The messages were innocuous, said a lawyer who had heard them. In one, just before Christmas last year, the president told Ms. Lewinsky that the brother of his private secretary, Beny Curiel, had died. In another, the lawyer said, Mr. Clinton remarked, "Hey, it's me. Sorry I missed you."

The president has maintained a absolute silence on the Lewinsky matter since late January, when he firmly denied having had "sexual relations" with Ms. Lewinsky and said he had not told anyone to lie under oath.

The president's decision to submit to grand jury questioning, which was announced Wednesday, came after numerous requests from Mr. Starr over

several months, culminating in a subpoena issued July 17.

Many of the president's advisers urged him to resist or ignore the subpoena, but he decided that giving testimony now was the quickest way to conclude the investigation.

Ms. Lewinsky's dress is expected to be sent to an FBI laboratory for DNA testing to determine whether there is a stain from Mr. Clinton's semen, as Ms. Lewinsky asserts, according to lawyers.

Michael McCurry, the White House spokesman, said Mr. Clinton had no intention of speaking to the news media or to the public in any detail in the next two weeks about his relationship with Ms. Lewinsky or about any of the other questions arising from the months-long perjury and obstruction-of-justice investigation being conducted by Mr. Starr.

Prosecutors first learned of the existence of a dress that might be evidence in the case from tape recordings surreptitiously made by Linda Tripp of conversations with Ms. Lewinsky, according to a lawyer with knowledge of the tapes.

It is not known whether Ms. Lewinsky laundered the dress before turning it over to her mother.

If semen is found on the dress, prosecutors would then probably seek a saliva or blood sample from the president to determine a DNA match.

The tests are extremely reliable, according to prosecutors and defense lawyers who use DNA testing in trials. Such a stain would retain DNA material for many years, unless the dress had been cleaned with detergents, experts said.

Dry cleaning alone would not remove it nor would storage under unfavorable conditions, they said.

With modern instruments and computers, matching could be completed in a matter of days, said Barry Scheck, a prominent New York defense lawyer and an expert on genetic testing.

Mr. Scheck served as a consultant in the O. J. Simpson murder case.

"If there is no sperm on the dress, that's the end of the hysteria," Mr. Scheck said. "If there is, there is no legal basis for the president to resist giving a DNA sample, a simple swab from the inside of his cheek."

Keeping the results secret until Mr. Clinton's Aug. 17 testimony — as a way to set a "perjury trap" — would be unfair to Mr. Clinton and bad for the nation as well, Mr. Scheck said.

Mr. Starr, stung by accusations that his office had leaked sensitive grand jury material to the media, issued a two-sentence statement Thursday, with Ms. Lewinsky's lawyers, denying they were the source of news accounts this week about Ms. Lewinsky's proposed testimony.

It has been reported that Ms. Lewinsky told members of the independent counsel's office that she did have a sexual relationship with President Clinton.

Both had denied this, under oath, in testimony for the sexual harassment lawsuit filed against Mr. Clinton by Paula Jones, a state employee in Arkansas.

It was also disclosed that Ms. Lewinsky was willing to testify that she and Mr. Clinton had agreed to deny a sexual relationship.

■ President Still Popular

Two new polls indicate that most Americans approve of Mr. Clinton's performance and of his decision to testify in the grand jury investigation. The Associated Press reported on Friday from Washington.

Eighty-five percent of those polled by ABC News said they approved of the president's decision to testify.

Mr. Clinton's approval rating was 64 percent in a Wall Street Journal/NBC News poll and 65 percent in the ABC News poll.

His approval ratings have been high for several months, but the Journal/NBC poll showed some erosion of that support.

The poll showed an increase in the number of people who believed impeachments hearings would be warranted if Mr. Starr reported that Mr. Clinton committed perjury.

Only 39 percent said that a month ago.

The Journal/NBC telephone survey of 1,006 adults had a margin of error of 3 percentage points.

BOOKS

GAIN

By Richard Powers. 353 pages. \$25. Farrar Straus Giroux.

Reviewed by Thomas M. Disch

RICHARD POWERS'S powerful and peculiar novel, "Gain," is the largest compliment any author has paid to the American reading public in decades, for the author assumes that we will take in his meaning, which is large, elusive and modifying, without his offering a word of explanation.

Whoever will write students' Cliff Notes for this book, sometime in the 21st century, will have their work cut out for him, or her, because the author, though always lucid and straightforward, has delivered a sealed verdict. These are the facts, Powers seems to say, presenting two mighty mounds of evidence. You must interpret them.

The first mound is a chronicle of the slow death of ovarian cancer of an American Everywoman, Laura Boddy of Laceywood, Illinois, from the first test results to the moment her disposable camera is jettisoned by the nurse's aide cleaning out her bedside drawer.

As a photorealist documentation of a formative contemporary death, "Gain" has no rivals this side of Tolstoy's "The Death of Ivan Ilych." Every twitch and twinge of Laura's death is set forth in unsparring and luminous detail. Any reader will wish to die with similar stoic grace.

The other half of the book is an account, spanning two centuries, of the birth and proliferating growth of the Clare Corp., as its founder Jephthah Clare parleys a cargo of Wedgwood stoneware into a multinational corporation that will come to market, among other products, Viva-cleanse, Clarity Fore Purifier, Blue Spruce Vapogard, Sterisol, Infinitik, Gasrel Caps, and Partfest Non-Dari Treat.

The economic history of "Clare Material Solutions" — one of its many

plots are designed so as to give us some sense of dramatic closure, resolution, justice.

What Powers offers, instead, is Pragma, which is the Greek root of "pragmatics," which means "the branch of semiotics dealing with signs and symbols."

Pragma was the theme of the first great novel in English literature, "Robinson Crusoe," and it has been a standby of such novelists as Arthur Hailey and James Michener, who show us how the world works and how its units mesh together. But it has seldom been the territory staked out by authors such as Powers, who is as serious a contender for highbrow laurels as any novelist on the present scene.

Readers expecting, as I did, that the twain will meet somewhere close to the denouement — and that Laura's cancer will be shown to have its sources in the ecological ravages wrought by the pharmaceutical Leviathan — are in for a surprise. Or, rather, for none at all. Laura does finally consent to take a ticket in the lottery of a class-action lawsuit brought by residents of Laceywood against Clare Inc., but there is no big courtroom scene, no showdown of any sort. Laura's attitude is summed up in one paragraph of world-weary wisdom when her loving ex-urges her to get what is "due" her:

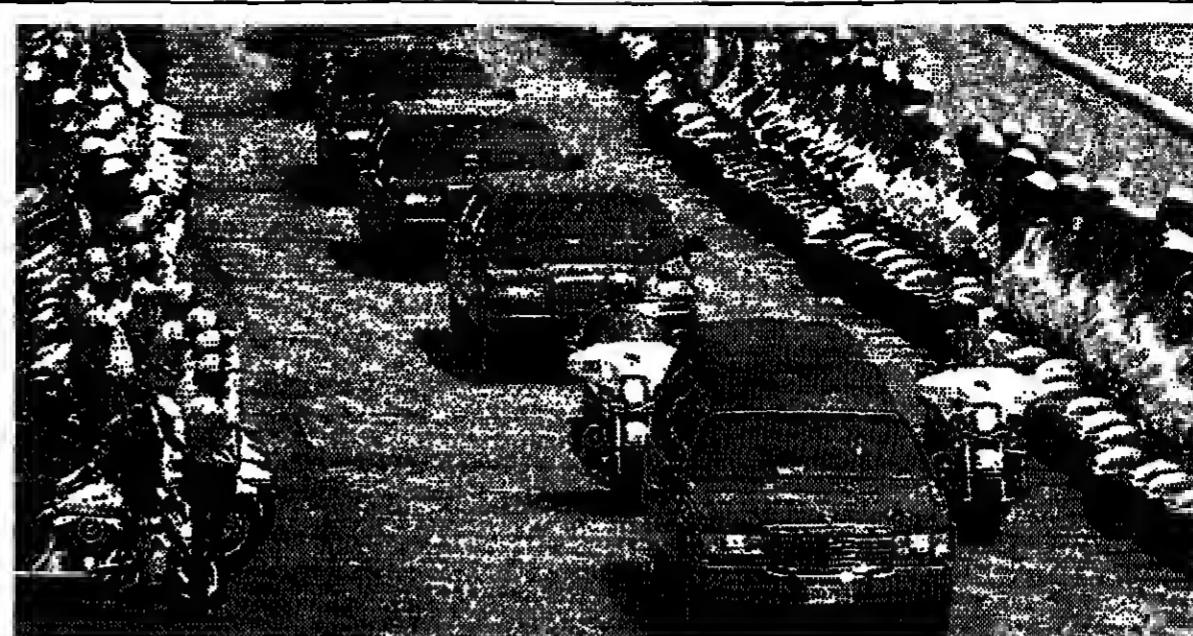
"She is due nothing. No more than anyone else with a body. No more than anyone who will get sick, which is everyone. As bad as she had it, millions will have it worse. She is on her own. And anyone who promises otherwise is selling a hill of goods."

This is not the world according to John Grisham or even E.L. Doctorow, where justice can triumph against the odds and Goliath corporations are zapped by an underdog David. Powers refused to load his dice to favor innocence and virtue. Laura's suffering as she soldiers through her prescribed regimen of chemotherapy is evoked in unsparring detail, but it is not blamed on Big Medicine.

All the misery in the book is just part of daily life and death, and the moments of transcendence, while often spectacularly beautiful, are just that — moments. This is an attitude more often found in poetry than in novels, where

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POLITICAL NOTES



FAREWELL TO A HERO — A hearse with the body of John Gibson, one of two officers killed by a gunman at the Capitol on July 24, drawing a salute from other officers as it enters Arlington National Cemetery. *Larry Downing/Reuters*

Political Funds Bill Surviving in House

es. The bill would also restrict independent advertising by single-issue advocacy groups in specified periods before elections.

The legislation — and a companion bill in the Senate — is fiercely opposed by the Republican leadership. Some view it as a way to erode the party's traditional advantage in fund-raising while others call it an unconstitutional abridgment of free speech. *(NYT)*

U.S. Seeks to Limit Review of King Case

WASHINGTON — Picking up the pace on the campaign finance debate, a majority of the House has voted repeatedly to preserve intact bipartisan legislation to cut back on money in politics.

On Thursday, Representative Christopher Shays, Republican of Connecticut, and Representative Martin Meehan, Democrat of Massachusetts, continued an effort to block 16 of the 37 amendments proposed to their bill. They asserted that the proposals were intended to divide their coalition and drive away supporters.

"Our objective today is to defeat all the poison pills," Mr. Shays said.

"We're still alive. This is the bill that won't die. But we're in the middle of a minefield."

The Shays-Meehan legislation would effectively ban unlimited and unregulated contributions to political parties (soft money), which were at the heart of 1996 campaign finance abuse.

switch was revealed after one of the girls underwent three genetic tests earlier this month. DNA results proved that the girl whom 30-year-old Paula Johnson has loved and raised since bringing her home from the hospital is not her biological child. *(AP)*

• A coyote sprang from the woods and attacked a 3-year-old boy on Cape Cod, Massachusetts, as he played on his backyard swingset. He was rescued when his mother kicked and punched the coyote, wresting her bleeding son from its clutches. The police arrived and shot the animal. *(Boston Globe)*

Wallace's Condition Serious but Stable

MONTGOMERY, Alabama — Former Governor George Wallace, in a hospital with breathing problems, improved Thursday as doctors continued treating him with oxygen and antibiotics, his son said.

Mr. Wallace, 78, paralyzed from the waist down by a would-be assassin's bullet in 1972 and suffering from Parkinson's disease, was listed as serious but stable in the intensive-care unit of Jackson Hospital. *(AP)*

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AWAY FROM POLITICS

• If the price of cigarettes were increased by 50 percent, 3.5 million Americans would quit smoking and another 2.4 million would cut back on the number of cigarettes they smoke, according to a study by the Centers for Disease Control and Prevention. *(WP)*

• Two newborn girls went home with the wrong mothers three years ago in Charlottesville, Virginia, in a switch that authorities are investigating as a deliberate criminal act. The

Facing The Truth

Christians and Jews of America must reach for the courage of Jesus and Moses in order to diffuse the spell of mutual distrust that continues to embroil all of the Children of Abraham.

Their frequently misplaced righteousness and one-sided sense of moral culpability perpetuate the painful plight of every innocent victim in the Holy Land.

America's Christian and Jewish leaders should set aside their concern for political correctness and relinquish the evasive tactics of the past. Unless they take hold of the fast-deteriorating situation in the Middle-East, Israel's self-inflicted isolation and escalating abrasiveness will lead to further suffering and vindictive bloodshed in what was once the land of milk and honey.



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Furor in Israel Over Ethnic Slight

Lawmaker's Insult of Sephardic Jews Rattles Labor Party

By Lee Hockstader
Washington Post Service

JERUSALEM — Israel, which will celebrate a special Immigration Day next week, is in a full-throated national uproar over racially loaded remarks by a prominent legislator and retired army general.

The remarks had nothing to do with Arabs; rather, they sparked an outcry among Jews.

In a newspaper interview, Ori Orr, a prominent Labor Party member of Parliament, slighted the country's Sephardic Jews — those of North African and Middle Eastern descent, who vote heavily for the rightist Likud party of Prime Minister Benjamin Netanyahu. Singling out Israel's large community of Moroccan Jews, he said they lacked "the curiosity to know what's happening around them and why it happened."

Mr. Orr, who retired from a long career as a highly regarded major general before entering politics, also expressed frustration with Sephardic lawmakers in his own party. "The problem is I can't speak with these people like I speak with others who are more Israeli in their character," he told the newspaper Ha'aretz in an article published Wednesday. "They interpret every legitimate criticism as driven by ethnicity."

Mr. Orr's comments touched off a crisis in the Labor Party, which fears it will never win back the Sephardic votes it badly needs to

challenge Mr. Netanyahu's coalition. The comments also exacerbated one of Israel's most debilitating rifts — between Jews of Central European origin, such as Mr. Orr, and the generally poorer, less-educated community of Sephardic Jews, who represent about half of Israel's Jewish population.

It is difficult to overstate how explosive the remarks were in a country where friction and hard feelings between the two groups is never far beneath the surface. For the first three decades of Israel's existence as a state, the Labor Party ruled the country as a kind of paternalistic fiefdom, and Sephardic Jews' resentment at what they seen as Labor's condescension and disdain has simmered ever since.

In 1977, the votes of Sephardic Jews — who were the key factor in toppling Labor and inaugurating Israel's first rightist government, and it has remained a crucial component in the Likud Party's electoral successes.

A year ago, the Labor Party leader, Ehud Barak, tried to undo the damage with an extraordinary apology to Sephardic Jews. At the party's annual convention, he begged forgiveness for their "suffering and pain." But the apology had no apparent effect in winning over Sephardic Jews to the Labor Party, as Mr. Orr noted in his interview.

"Everything we've done for them hasn't helped," he said. "The fact that we raised the level of education and reduced poverty

and created a momentum of development and advanced the weaker classes — that doesn't mean anything to them."

With most of his colleagues demanding his resignation from Parliament, Mr. Orr offered Thursday night to remove himself from the Labor Party, Israeli radio said. In a crisis atmosphere, Labor lawmakers, including Mr. Orr, met in private late into the night to discuss ways to contain the damage.

In a news conference Wednesday, Mr. Orr apologized for his comments, insisting he was not a racist but acknowledging, "I stumbled, and I am sorry about it."

Mr. Netanyahu had a field day with the comments, using them to divert attention from his own crumbling political support, the frozen Middle East peace process and soaring unemployment. Fifty years after Israel's founding, he said, "this evil speech is tearing people apart, sowing alienation and division. No one has the right to do thus. Our very existence depends on our ability to unite as a people."

One subplot of the drama was the intense pressure on Mr. Barak, who was apparently torn between the survival of his party and his personal loyalty to Mr. Orr. A former commander-in-chief of the army and one of Israel's most decorated warriors, Mr. Barak has been a friend of Mr. Orr's for 30 years and had made him a top Labor Party official.

Mr. Barak was reported to have stripped Mr. Orr of his party lead-



Ori Orr apologized, but the damage had already been done.

ership posts and his assignment to the parliamentary Security and Foreign Affairs Committee.

Analysts said Mr. Orr's comments may have the effect of making permanent the Sephardic Jews' loyalty to the Israeli right.

The hue and cry over Mr. Orr's comments obscured his own solid reputation as a career military officer and a well-regarded legislator. Victor Lavi, a Moroccan-born Israeli who is chairman of the economics department at Hebrew University, served in the army under Mr. Orr in the late 1960s and spoke admiringly of his leadership.

"He was a very decent, very nice person and human being, humane and able to connect with everybody from bottom to the top," he said. "He was able to connect with every soldier his personal problems, never let him down."

Mr. Barak was reported to have been above you and never discriminated among the soldiers."

BRIEFLY

U.S. Asks Annan To Pressure Burma

RANGOON — The United States and Australia asked the United Nations secretary-general, Kofi Annan, on Friday to push Burma's military to begin a dialogue with the opposition leader Daw Aung San Suu Kyi as state media accused her of being a trouble-making foreign agent.

Secretary of State Madeleine Albright said that the two countries had asked Mr. Annan to personally intervene in Burma after the military forcibly ended a sit-in protest by the Nobel peace laureate. Mrs. Albright said that Mr. Annan agreed to "take a very careful look" to the proposal and talk with her and Foreign Minister Alexander Downer of Australia again shortly.

A government statement said Burma would not be ready to meet Daw Aung San Suu Kyi's demand for freedom to exercise political rights until the unity of the 135 ethnic groups in the nation became stronger and people's basic needs were met.

"It is unrealistic for other nations to force Myanmar to be at par with them in giving their citizens political rights," the statement said.

In Rangoon, The New Light of Myanmar accused Daw Aung San Suu Kyi of being paid by Britain and the United States to destroy the country with her campaigns.

She was forcibly removed from her car on Wednesday night by security men at a bridge near a village in the outskirts of Rangoon and sent back to her home.

(Reuters)

American in Peru Gets No New Trial

LIMA — An American woman who was sentenced to life in prison for treason by a hooded military judge will not receive a new trial as U.S. officials had requested, Peru's military said.

U.S. officials have asked Peru to retry Lori Berenson, 28, of New York, who was convicted on Jan. 11, 1996, of helping leftist Tupac Amaru Revolutionary Movement rebels to plan a thwarted assault on Peru's Congress.

For the Record

President Fidel Castro of Cuba told a rally of thousands of Jamaicans in Kingston that almost four decades of U.S. trade sanctions were aimed at trying to starve Cuban children to death.

GENERAL

Beijing's Ex-Mayor Gets 16-Year Prison Term

By John Pomfret
Washington Post Service

BEIJING — China on Friday sentenced the former mayor and Communist Party secretary of Beijing, Chen Xitong, to a 16-year prison term for corruption and dereliction of duty. He is the highest ranking Communist Party official to be publicly convicted of corruption since the founding of Communist China in 1949.

The official Xinhua news agency said the Beijing Municipal People's Court issued the verdict Friday morning after a secret trial, which it said was justified under Chinese law in cases "involving state secrets or individual privacy."

Mr. Chen has already spent about three years in government custody.

The court also ruled that "the bribes Mr. Chen accepted should be confiscated and handed over to the State Treasury," the news agency said in an unusually detailed report about China's normally secretive judicial process.

China's president, Jiang Zemin, has made anti-corruption efforts a centerpiece of his rule, but until recently there had been few signs that he was willing to take concrete steps to attack widespread government bribe-taking.

Last week, in another move designed to counter smuggling and corruption, Mr. Jiang ordered China's military to cut its ties to the thousands of commercial enterprises — such as hotels, dance halls and bowling alleys — that it has established since the 1980s. The military is considered one of the biggest smugglers in China; its trucks and cars are free from normal police checks.

Mr. Chen is believed to have been the kingpin of a graft and embezzlement ring that skimmed as much as \$2 billion from government coffers and foreign and Chinese businessmen from 1987 to 1995 when he ruled Beijing, first as mayor and then party secretary.

The capital's graft scandal broke in April 1995, when the deputy mayor, Wang Baosen, committed suicide as central government investigators closed in on him.

Within months, at least 45 people had fallen into the government's dragnet, including Mr. Chen's son, Chen Xiaotong; Mr. Chen's secretary, Chen Jian, and Zhou Beifang, the son of the influential head of the Capital Iron and Steel Works, who was sentenced last year to a suspended death sentence for corruption.

Chen Xiaotong's arrest, his expulsion from the Communist Party and subsequent trial on corruption charges are believed to have been personally approved by Mr. Jiang.

Some Chinese officials have grumbled that the real motivation behind the case was not so much Mr. Chen's corruption but his failure to cultivate good relations with Mr. Jiang, who became China's president in late 1989 and never established good ties with the Chinese capital's strongest man.

The two governments pledged to continue diplomatic contacts in the hope of breaking the deadlock, but the language used in announcing the failure of the talks here left little cause for optimism.

Mr. Sharif was particularly blunt, saying in an interview published Friday in The Island, a Sri Lankan newspaper, that his meeting with Mr. Vajpayee had accomplished "zero."

Mr. Sharif also said Mr. Vajpayee had rejected Pakistan's demand that new talks between the two countries should focus on Kashmir, which has been divided between India and Pakistan since 1947.

India's position, restated forcefully in a statement Friday, was that putting Kashmir at the center of the talks would only "highlight differences, vitiate the atmosphere, and, therefore, likely disrupt and jeopardize the entire process."

India-Pakistan Meeting Ends in Failure

By John F. Burns
New York Times Service

COLOMBO — A bid to open regular talks between India and Pakistan on nuclear weapons, Kashmir and other divisive issues collapsed in acrimony Friday, with the two countries accusing each other of setting conditions that made a sustained dialogue impossible.

The failure to agree on terms for the talks came 48 hours after the two prime ministers, Atal Bihari Vajpayee of India and Mian Nawaz Sharif of Pakistan, met briefly during a regional summit conference in the Sri Lankan capital, their first encounter since both nations conducted nuclear tests in May. The meeting, said by aides to both leaders to have been stiff and unsympathetic, ended with instructions to their officials to discuss terms for reopening diplomatic talks.

But those instructions turned out to have been little more than a diplomatic fig leaf, when the foreign secretaries of the two countries, the top bureaucrats in their respective foreign ministries, announced Friday that they had ended three rounds of talks without breaking a deadlock over procedures for the talks. The divided territory of Kashmir was the sticking point, as it has been virtually throughout the 50 years since the partition that created the independent states of India and Pakistan.

Officials said Friday that artillery and mortar fire in Kashmir killed scores of Indian and Pakistani civilians and soldiers. The Associated Press reported from Jammu, India.

They said 52 people were killed on both sides in one of the heaviest exchanges of fire in years along the frontier.

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Justice Thomas**Ideas, Not Race**

Justice Clarence Thomas unloaded on his critics the other day, twisting the case against him just as he did seven years ago when the Senate was considering his nomination to the Supreme Court. Then he complained he was the target of a "high-tech lynching."

This past week he charged critics with vilifying him because he is black who does not hold their liberal views.

He said he would refuse to have his ideas assigned in him as though he were "an intellectual slave" because he is black. What Justice Thomas seems unable to appreciate is that being the case, it is not his race but the content of his ideas.

It is no surprise that his staunchly conservative positions on social issues have been denounced by civil rights leaders as damaging to the welfare of minorities. That they happen to come from a black jurist is incidental, though disappointing to many blacks. The fact that he himself benefited from programs that opened up educational opportunities to minorities adds to the resentment. But it is the substance of his views in matters of affirmative action, criminal justice and voting rights that has drawn attack from liberals of all races.

—THE NEW YORK TIMES.

Rule of Principle

Justice Clarence Thomas has handled with considerable aplomb his latest bout with those who believe his role on the Supreme Court is to represent the interests of an ethnic constituency. In the face of an effort by some members of the National Bar Association — an organization of African-American lawyers — to disinvite him as the keynote speaker at the group's national convention in Memphis, Tennessee, Justice Thomas shewed up and passionately defended the legitimacy of who he is.

"I have come here today, not in anger or to anger, though my mere presence has been sufficient, obviously, to anger some," he said. "Nor have I come to defend my views, but rather to assert my right to think for myself, to refuse to have my ideas assigned in me as though I was an intellectual slave because I'm black."

Justice Thomas's general approach to the U.S. Constitution is not our own, although he has been a more interesting and thoughtful justice than many of his critics acknowledge. On this matter, however, one can only cheer him on.

—THE WASHINGTON POST.

Trial for Libyans

The passage of time is making it necessary to explore whether the West's demand for justice in the bombing of Pan Am Flight 103 in 1988 can be met short of trial of the two Libyan suspects in the United States or Scotland. The sanctions on air travel in Libya that the United Nations Security Council voted are eroding, and the feeling is widespread that 10 years is a long time.

The United States and Britain, which together lost 270 citizens in the bombing, are considering a plan to try the Libyans in a third country — a face-saving gesture to Colonel Moammar Gadhafi. But the third country would be the Netherlands, and the trial would unfold quickly in a Scottish court set up in The Hague.

The danger here is that Libya would use any sign of American or British compromise to open an endless divisive procedural negotiation that would play on Western impatience in order to weaken Western standards of justice. In a parallel case of airborne terrorism, for instance, France now intends to try Libyan suspects without requiring them to appear in court. Further, it will be left to Libya to administer the French court's sentence — French law does not provide for the death penalty — according to a judicial cooperation agreement the two governments concluded in 1996. Such a trusting example is inconceivable in the United States, one hopes.

Certainly Americans, and especially many families of victims, would prefer a trial on home ground. Some would prefer trial in a court with the death penalty; Scottish law does not provide for this result. But trial in a Scottish court with full Western procedural protections would meet

Other Comment**Review Special Counsel Law**

Clearly, America's independent counsel law needs a careful re-examination when it comes up for renewal in Congress. The nation must have a system for impartial investigation of potential lawbreaking by high government officials, but the Whitewater probe seems to have taken no life of its own.

It may also be helpful to remember that six months of investigating the Lewinsky affair has brought us Americans right back to where we started, with allegations that the president had sex with Monica Lewinsky and lied about it. We must analyze what damage has been done to the institution of the presidency in the process.

Presidents are not above the law. They must be accountable to the people. But that does not justify creating a permanent institution steeped in politics that makes it possible to baffle presidents of either party out of office.

—Los Angeles Times.

Herald Tribune

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Mag. Dir. Asia: Terry Dame, 191 Jane Road, Hong Kong Tel: 852-3922-1700
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Milosevic's Astonishing, and Appalling, Record

By William Pfaff

PARIS — The international community seems as opposed to an independent Kosovo as does Slobodan Milosevic, the appalling president of Yugoslavia.

Or as opposed as Mr. Milosevic seems to be. I offer the qualification because Kosovo's independence would solve basic problems for Mr. Milosevic. The revolt against Serbian rule in Kosovo that he has provoked is unlikely to be defeated, however.

Serbia's forces are not going to be defeated either. But if the rebels can install a continuing, even if limited, insurgency, an impossible situation will have been created for Serbia.

The liberation army that has sprung up, under rather mysterious circumstances, has in recent days made the classic mistake of trying to take and hold towns where regular police and soldiers could defeat it. If the guerrillas have learned their lesson, they will return to the tactics of harassment, encirclement, denial and maneuver that are guerrilla strengths.

Even before the current fighting, a tendency to leave the region was reported among Kosovo's Serbian minority, which can see that its future is not bright. There is grumbling inside Serbia about the cost and casualties of trying to put down the rebellion. There is little

enthusiasm about dying for Kosovo.

Losing Kosovo in a manner that could be blamed not only on the insurgents but on the international community's interference and pressures — best of all, a loss that could be blamed on the North Atlantic Treaty Organization and the United States — could actually strengthen Mr. Milosevic's situation.

It would allow him to portray himself as the man who tried to restore Serbian greatness but who was defeated — as so often in Serbia's past, as Serbian nationalist myth would have it — by sinister foreign forces allied with Serbia's enemies.

He already has benefited personally from betraying the Serbian minorities in Croatia and Bosnia-Herzegovina. He incited them to violent resistance against those states. He then walked away from the Krajina Serbs in Croatia and those of the "Republika Srpska" in Bosnia when it became to his advantage to sign the Dayton agreement.

His record is astonishing, and the Serbs' willingness to continue to support him is even more astonishing. He destroyed the multinational Yugoslavia that Tito had preserved, in which the Kosovar enjoyed autonomous status.

He preached Serbian nationalism, and his state television and press diabolize Kosovars, Croats and Muslims.

He terminated Kosovo's autonomy and condemned the nonviolent movement of the Kosovo Albanians created in protest, which merely asked for restored autonomy. His intransigence eventually resulted in the creation of the Kosovo Liberation Army that now fights for Kosovo's independence — or, according to some, for its union with Albania.

He promised a Greater Serbia but may deliver a truncated one.

The outcome of his policies could be Serbia's loss of Kosovo, historically the heartland of the Serbian nation. An effort to create a Greater Albania may follow. That would be a major rival, or threat, to Serbia.

The Serbian majority has supported Mr. Milosevic throughout all of this. Even when peaceful demonstrations in Belgrade against his government seemed last year on the verge of bringing him down, the demonstrators' leaders turned on one another in a struggle for personal power, and Mr. Milosevic won the election that followed.

In April of this year, 97 percent of Serbian voters backed him in a referendum that rejected foreign mediation to solve the Kosovo problem.

The idea of a Greater Albania fright-

ens outside powers because it could come into existence only through merging Kosovo with Albania and annexing the Albanian-populated part of Macedonia. That could be fatal for Macedonia and invite Greek, Bulgarian and even Turkish intervention, with literally incalculable consequences for the region.

The West's rather desperate diplomatic efforts to restart negotiations have run into Mr. Milosevic's rejection of interference and the lack of someone to talk to on the Kosovar side — of someone, that is, who can speak for the liberation army. No one knows who controls it.

The guerrilla army has taken control of the situation away from the non-violent "president" of Kosovo, Ibrahim Rugova, unofficially elected by Kosovars in 1992. Western diplomats hope that the insurgents will be more inclined to talk and compromise after their defeat this past week.

One must hope so. If it is too late for autonomy to provide a solution (even if it were offered), the West's defense of the Kosovo Albanians may encourage Albanian irredentism. Macedonia and Greece only may be the places where a deteriorating situation has to be stabilized.

International Herald Tribune.
Los Angeles Times Syndicate.

U.S. Passivity in the Middle East Is a Recipe for Danger

By Jim Hoagland

WAshington — The Clinton administration struggles to maintain an uneasy status quo in the Middle East, pursuing a strategy that seems more designed to keep problems off Bill Clinton's desk than to get them resolved.

This passivity virtually guarantees that American moral authority and political leadership will be undermined in a region where standing still means sinking quickly into constantly shifting desert sands.

The commitment to modulating through — to keeping unsatisfactory situations from getting worse over the final 29 months of the Clinton presidency — surfaces most clearly in Washington's recent equivocal handling of Libya, Iraq and the Israeli-Palestinian peace talks.

The United States began this decade by taking a strong moral stand against destructive Arab radicalism and nationalism. The policymakers of the Bush administration consciously entered an Arab civil war ignited by Iraq's invasion of Kuwait, on the side of countries

that would not accept Saddam Hussein's vicious and primitive version of pan-Arabism.

At the same time, Bush & Co. coupled the drive to encourage justice in Arab politics with heavy pressure on the Israeli Likud government of the time and on the Palestinians to negotiate an end to their conflict.

The combination of a just war and arm-twisting at the peace table eventually led to the Oslo peace accords.

The gradual descent from grand strategy to a legalistic, flank-covering course of protecting the status quo shows clearly today in the way in which the administration has made keeping economic sanctions in place its primary policy objective in Libya and Iraq.

Earlier pretense of a commitment to changing the regime in Baghdad and making life more difficult for Moammar Gadhafi and for those who give him comfort and material help has been abandoned, in deed if not in word.

Mr. Clinton abandoned military strikes against Iraq in February in large part because of his fear that international reaction would make it impossible to keep the comprehensive sanctions adopted after the invasion of Kuwait.

On Libya the administration is now engaged in legalistic jujitsu over sanctions enacted to punish Colonel Gadhafi for refusing to hand over two suspects in the 1988 bombing of Pan Am Flight 103 over Lockerbie, Scotland.

The State Department has confirmed that it was considering agreeing to Colonel Gadhafi's reported willingness to let the suspects be tried in The Hague, before Scottish judges. A senior official later explained to me that there was no real expectation that such a trial would be held.

"Many people strongly believe Libya is bluffing. If the bluff is called, our effort to keep sanctions on, or even get them increased, will be strengthened," the official said.

And when a U.S. pilot enforces the no-fly zone over Iraq fired June 30 on an Iraqi frigate that had locked on allied planes, the Arab League immediately condemned the United States for interfering in Iraq's affairs and threatening civilian life, an accusation for which the organization had not a shred of evidence.

These are signs that the Arab political establishment has come to feel that at a minimum there is no penalty for helping America's declared enemies in the Arab world.

Without a central U.S. commitment to combatting actively the most dangerous and destructive political currents in the Arab world, Prime Minister Benjamin Netanyahu's stone-walling on building a durable peace with the Palestinians is wholly predictable.

Tactics and equivocation have their place in diplomacy and strategy. But they also have their cost, as the Clinton White House seems determined to prove in the Middle East.

The Washington Post.

Adultery and the Presidency: Putting the Office at Risk

By A. M. Rosenthal

NEW YORK — Twenty-five years ago an editor in The New York Times, decently paid and with a good future, diverted money from the newspaper to himself — less than \$1,000. He did it in a way that made it inevitable that the paper would soon find out.

I was heading the news department. The first words I said to him after I was told were: "What did you do to us?"

You, me, the newsroom. He knew what I meant. We read each other's unhappy eyes. I was saying I had to fire him immediately. Otherwise the paper could no longer operate with assumption of honor — impossible to contemplate.

What has President Bill Clinton done to us, the United States? An adulterer knows always that, if discovered, he will

damage his family. Both the act and consequences, in our society, are considered the husband of the adulterer and the few who put us at risk.

But if Bill Clinton committed adultery in the White House, he also committed putting the presidency at reckless, selfish risk. That is why it sticks in my own gut.

The presidency does not belong to any president. It is his to guard, not to put in jeopardy or to throw on the table like a nuclear chip.

Whether Americans in President John F. Kennedy's time cared about presidential adultery, or knew, or whether foreign presidents have no worries about sex does not matter. This is America now, not in the

Kennedy era, and we vote only for our own president.

For Mr. Clinton, adultery would knowingly be a particularly grave risk of the presidency, given his pre-White House record and reputation.

Apparently most Americans do not want him to lose the presidency for adultery, even for perjury about adultery. But the risk to the presidency is not any lesser, nor the price to the country. Nobody can be a fully functioning president and also, month after month, a full-time detective.

The Clinton administration also passes on to future presidents the entirely reasonable fear that the law will deprive them of the confidentiality and self-confidence of people close

to them. The restrictions were imposed not by the special prosecutor himself but by the courts that upheld him.

To me, the idea of Secret Service agents having to testify about what they saw or heard is shocking. But there it is, son of the Clinton era.

I have been trying falteringly to write this column in tenses hinting I believe that perhaps Mr. Clinton might not have done as his accuser is ready to testify. But I am a little embarrassed because I do not believe that at all.

Nonjurors are entitled to form opinions about innocence or guilt before any trial. But all these years I have written, edited and believed in innocent until proved guilty, jury or not.

The accuser is a young person with no known accomplishment beyond grabbing hold of the lowest bureaucratic rung. The accused was twice elected president of the United States. Why is that the American majority, including his supporters, believes her when she says she had sex with him, not him when he denies it?

Because he takes himself with him throughout his life, as do we all. He has lied before, about his sex life before he became president. I gave him

an easy pass on that, as did the country on Election Day.

But since then he has become a man whose word on matters of world importance is doubted. Naturally he gets no benefit of the doubt no nonglobal matters like adultery.

During his first presidential campaign, for instance, he said he would struggle for oppressed Chinese and Tibetans. Now he is the world's ace promoter of the Chinese Communist regime, that kills and tortures them.

I had believed that America's trust in its leader would depend on an ear tuned to the dungeon, not just an eye fixed on the Dow. I was wrong. But maybe the disbelief now in Mr. Clinton's word, in his own country, is a little payoff time from those dungeons. I like thinking so.

Still, I do not long for another president to be driven out of office. And surely I do not know what will come of all this. Maybe, if he has not told the truth, complete truth, he will tell it now, for congressional amnesty? Maybe Monica would testify that it was all an erotic dream? I suppose not.

Not much chance. Probably, we will just live with a disgraced presidency — our cost for his risk.

The New York Times.

ART

New Focus on Masterpieces

Museums Rush to Snap Up the Few Remaining

By Souren Melikian
International Herald Tribune

NEW YORK — The race for the last world masterpieces in private hands is gathering momentum. Leading museums on the international scene, increasingly aware that supplies are running out, have never shown such determination to acquire works deemed to fit into the jigsaw puzzle of their art collections. But fearful of pushing prices higher still and anxious not to give ideas to the competition, they say little about the circumstances of their triumphs and even less about costs. Three major acquisitions just made by leading international museums have gone virtually unnoticed.

The Metropolitan Museum of Art in New York alone made a formal announcement, but that did not make much of a difference to the media. Perhaps the subject, a Brussels tapestry woven circa 1500-1504, sounded a bit remote and that is unfair. Never did a tapestry look quite so much like a picture.

"The Triumph of Fame" is composed like one and, more unusually, has the crisp detail of a painting. The winged character holding up the globe of the world in the midst of a crowd of gazing admirers could have stepped out of some Flemish panel from Bruges.

Indeed, the cartoon painted for it is believed by art historians to be from the same hand as a "Pieta" in Brussels museum. What makes the tapestry even more remarkable is that a royal inventory of 1504 describes it. It was then in the collection of Isabella the Catholic with three others from the same set on the theme of "Triumphs" which have all been traced. "The Triumph of Death" is now hanging in the Renaissance chateau of Azay-le-Rideau.

"The Triumph of Love" is in the Louvre and "The Triumph of Time" is known from a photograph taken when it belonged to a Spanish grandeza together with the Met tapestry.

When "The Triumph of Fame," owned by Bernard Blindeel of Paris, was displayed at Blumka's in January this year to celebrate the New York Times' grand refurbishing on 72nd Street, Thomas Campbell, a recently appointed curator of textiles at the Met,



The Prado's bust of Charles V.

but things went no further. True, not every museum has \$2 million ready — the figure quoted at the Biennale.

But even if the young curator's ardor touched a chord with Blindeel who is himself one of the world's leading connoisseurs on the subject, and probably induced the dealer to make some concession, this year's transaction proves that cash was not the heart of the problem. It was the will to proceed.

Another prompt reaction from an institution long reputed to be slow suggests that the mood has changed in the museum world. It concerns one of the most extraordinary portraits ever carved by a Northern Renaissance artist.

The bust of Charles V of Spain shows the emperor as a young man foolishly dressed, the collar of his mantle tightly turned up and his legendary hat with ostrich plumes tilted at a rakish angle. The ruler's expression with his eyes closely set, narrowing slightly in his long oval face, and with his lips open as if to spew out cold rage, is unforgettable. But easily overlooked until last year, it would seem.

It then appeared in a Left Bank gallery in Paris, where it certainly did not attract museum attention. The Louvre could have stopped it from leaving France. Did the sight of some damage and restoration inhibit such a reaction? Or was it the anonymity of the sitter, not identified as Charles V? Probably not the latter. The knowledgeable Louvre curators would have recognized the image.

Indifference is the likely answer.

That saved the day for Daniel Katz of London who bought it from his Paris colleague, who had no trouble getting an export license. Katz got the remarkable art historian Johannes van Aerden, who works for him, to identify the sitter beyond any doubt and published the bust in the catalogue, which came out in April. This time the museum world reacted. The Prado, alerted to the existence of the bust by Katz, expressed interest. Its appearance in the selling show put up by the dealer on his London premises in Jermyn Street, where it opened on June 8, set the wheels rolling. The asking price is believed to have been well under \$400,000.

No details are ever divulged about discussions between museums and dealers, but the Prado curators' diligence was remarkable, for by mid-July Katz reported that the transaction had gone through.

Tenacity of a similar kind, albeit in very different circumstances, was displayed by a third museum, likewise allowing it to make a big catch. Last week, Douglas Druick, curator of prints and drawings at the Chicago Art Institute, said that his museum had bought "L'Anniversaire," also known as "Homage à Berlioz," a pastel by Henri Fantin-Latour.

Drawn in 1877 as a tribute to the French composer, "L'Anniversaire" was probably the last important pastel by the artist to remain in private hands. The soft touch of the pastel crayons creates a blur around the edges that superficially evokes Impressionism. But the elaborate composition of figures goes back to an early tradition closer to the Louis XIV age than to Fantin-Latour's own time.

When it appeared on the stand of the Paris dealer Waring Hopkins at the May Fine Art Fair, "L'Anniversaire" aroused intense excitement. Before the opening, a leading U.S. institution, whose curator was on the vetting committee, approached Hopkins with a firm offer — the asking price was \$300,000. On the opening night similar offers were made by two private collectors and two other U.S. museums let it be known that they would be interested in opening discussions.

What saved the day for Druick was his early acquaintance with the pastel and Hopkins's own keenness to have it enter the Art Institute — the dealer personally considers its vast pastel collection to be the greatest in the world.

Druick first heard about the Fantin-Latour when Hopkins, then working on a big show of 19th and 20th century pastels, asked him if he could recommend anyone with a specific interest in the Fantin-Latour work to write an entry. Druick, a leading scholar in the subject, volunteered to do it, much to Hopkins's delight. In the end, the art show project was

abandoned, but Druick did not forget the pastel, nor did Hopkins forget the curator's keenness about it. When the Paris dealer decided to take the pastel to the New York fair, Druick was the first to hear about it — and the first to make an offer.

The important addition to the Institute collection has not been given any publicity. Like strategists in the terminal phase of a war, museum curators are too intensely focused on the action to find time for celebrating.



The Brussels "Triumph of Fame" tapestry, circa 1500, which has the crisp detail of a painting.

Mayan Objects Stir a Debate

By Susan Diesenhouse
New York Times Service

BOSTON — In its first effort to make art from Africa, Oceania and pre-Columbian America part of its permanent exhibit, the Museum of Fine Arts here has stepped into the storm over the questionable provenance of art, which is buffeting major museums and private collectors.

Museum officials initially rejected a request from Guatemala to eventually return a 138-piece collection of Mayan art that is the jewel of its pre-Columbian display.

In a two-page letter written a month ago to a Guatemalan official, Malcolm Rogers, director of the museum, said that its board of trustees "found no basis" for Guatemala's ownership claim because the country could not produce legal title to the pieces.

Guatemala, meanwhile, charges that the museum has refused to produce documents that prove the collection was legally removed from a region where the U.S. government has long recognized that Mayan sites are endangered by looters.

Carlos Enrique Zea Flores, an archaeologist who is Guatemala's vice minister for culture and sports, said he no longer considers the Museum of Fine Arts to be "an ethical institution." He said: "It's more like a collector who buys and sells pieces looted from the Mayan world."

Last December, the 128-year-old museum opened three permanent galleries for art, artifacts and cultural objects from Africa, Oceania and Latin America, which feature collections from two longtime patrons.

The African collection of about 150 pieces includes 13 pieces that are on long-term loan from a museum overseer. The Malian Embassy in Washington has asked the United States to help it repatriate two of the African antiquities that are on loan. The Malian government said the items were smuggled out of the country probably after 1993 despite Malian laws prohibiting their excavation or export and a U.S. law forbidding their import.

Rogers, the museum director, said his institution was not responsible for settling the dispute, because the artifacts were on loan from a private collector, William Teel.

The November Collection of Mayan works from Guatemala was purchased for the museum by a trustee in 1987 who officially donated it in 1988, the museum said.

"Since we have legal title to it, we have the right and the duty to display these works, which are extraordinary," advocates for their culture, Rogers said.

Zea Flores said the high-quality Mayan burial urns, gold adornments and polychrome ceramics with hieroglyphics, all from El Petén jungle, were stolen from Mayan sites and smuggled from the country without the export permits that Guatemala has required since 1947. This removal also violated a 1970 United Nations accord intended to stem the looting of cultural property, Guatemalan officials said.

"I asked the museum to show them their expert permits they haven't," Zea Flores said.

The items in the November Collection are "part of our history, our patrimony, and they were taken out illegally," Zea Flores said.

Rogers declined to comment on whether the museum had export permits for the Mayan collection and refused to allow a reporter to review the museum's documentation on the pieces.

Instead, he said: "We look to American law and what is appropriate in the U.S., adding that he did not believe Guatemala had presented legal proof that it owns the collection.

It appears that the museum has relied on the letter of U.S. law and that Guatemala and Mali have relied on their own national laws. Moreover, Guatemala and Mali apparently have international law on their side. Further, the museum's critics say that international museum and academic ethics in dealing with such artifacts seem to be opposed to the museum's position. That custom supports the contention that artifacts belong to the country of origin unless a clear, traceable title proves otherwise.

There is a further tangle. The November Collection, for instance, may have entered the United States legally but have left Guatemala illegally. That is because the United States did not sign the UN accord until 1983, 13 years after its creation.

In 1987, when the trustee

Landon Clay bought the Mayan works for the museum, the institution asked him to hire an attorney to assure them that Clay would have a clear, legal title. On this point, "the lawyer's opinion was conclusive," to comment.

When the museum bought the Mayan objects, it had an ethical obligation to determine how they left Guatemala and, if they were looted, to return them, said Martin Sullivan, director of the Heard Museum in Phoenix and chairman of the President's Committee on Cultural Affairs.

The pillage of Mayan ruins in El Petén had become so alarming that by April 1991 the U.S. Customs Service banned the import of such artifacts into the United States. In 1993, Mali won a similar ban.

Alan Shestack, the mu-

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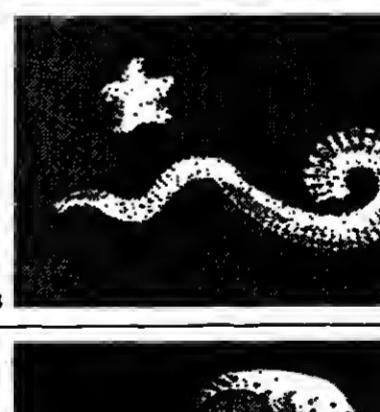
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A Hopeful Epilogue to Iranian Hostage Drama

By Craig R. Whitney
New York Times Service

PARIS — A former hostage from the American Embassy in Tehran came together on Friday here with one of the Iranians who, as a student, directed the seizure of the embassy for 444 days in 1979.

Those who brought them together hoped the result would be a dialogue of reconciliation.

BARRY Rosen of New York was the embassy's press spokesman when he was seized. Now aged 54, he is executive director of public affairs at Teachers College of Columbia University.

He shook hands after two-and-a-half hours of debate in the Unesco headquarters here with Abbas Abdi, who was one of his student captors.

Mr. Abdi, now 42, has become an

influential political journalist in Iran. About all they could actually agree on, at least in public, was that it would take a lot more meetings like theirs to overcome the hostility of the past 20 years and build a better future.

"What we call the hostage crisis was actually something closer to a defeat for both sides," Mr. Rosen said. "but most both sides be bad losers? Let's not dwell constantly on who did what to whom and when."

Mr. Rosen acknowledged that many Iranians blamed the United States for supporting the coup that restored Shah Mohammed Reza Pahlavi to power from 1953 to 1978. But Mr. Rosen said that neither Americans nor Iranians could overcome the past without acknowledging mistakes.

Mr. Abdi did not agree that occupying the embassy was a mistake and said it

was a spontaneous decision made by students who feared the United States was trying to thwart the Islamic Republic, which had driven the shah into exile.

"A nation deserves more apology than a handful of hostages," he said, but concluded, "I hope the relationship between Iran and the United States will go back to what it was before 1953, before the coup."

Mr. Rosen said he had decided to come because "I sensed the time had come to put closer to the 444 days that caused me great pain."

He added, "Nothing can replace a direct dialogue between the two governments. I'm convinced that two decades of animosity between our two countries is coming to an end."

Mr. Abdi said, "The past cannot be altered. Instead, we must focus on the

years ahead and endeavor to build a better future."

Mr. Abdi was himself imprisoned in Iran for eight months in 1993. He would not discuss that on Friday. "While the rhetoric of the U.S. government has softened, deeds remain far behind," he said.

Iran's president, Mohammed Khatami, called last January for cultural exchanges to bring down what he called a "wall of mistrust" between the two nations. The U.S. secretary of state, Madeleine Albright, indicated last month that Mr. Khatami might be a man the United States could talk to.

Sources here said the meeting between Mr. Rosen and Mr. Abdi was held at Unesco in Paris because Britain refused to grant Mr. Abdi a visa. France's foreign minister, Hubert Vedrine, plans is to visit Tehran this summer.

Volcanic Source of Life?

Re-Creation of Early Conditions Yields Clue

By Nicholas Wade
New York Times Service

acids were assembled in a novel chemical reaction, they reported.

This experiment started with amino acids already in the mixture. It showed, however, that had amino acids formed under these conditions, they could go on to form peptide bonds.

Peptides formed in space are thought to have been delivered to Earth by meteorites and comets. Mr. Wachtershauser is also trying to show how amino acids might have been generated under volcanic conditions.

Norman Pace, an expert at the University of California at Berkeley, said the new reaction showed that it is relatively easy to make biological compounds from inorganic chemicals.

"Wachtershauser's concept of mineral-based chemistry being able to generate biologically active compounds is wonderful," Mr. Pace said.

Mr. Miller remained unconvinced by the proponents of a high-temperature origin of life, saying that many of the essential components of living cells are unstable at high temperatures.

But Mr. Woege said, "Since all this chemistry that Wachtershauser works with is novel, we have to cut him a little slack rather than close the door on it immediately."

RADIATION: Extraterrestrial Key

Continued from Page 1

laboratory, the result is a mixture of roughly equal amounts of the left-handed and right-handed forms. Scientists call such mixtures "racemic." But living creatures, including humans, are assembled exclusively from left-handed amino acids and right-handed sugars.

Why and how this should be so are among the central mysteries of the origin of life, and such questions have prompted much scientific investigation and debate.

One thing is certain: Single-handedness, or homochirality, is an essential property of the amino acids and sugars incorporated into living organisms. This is because mixtures of left-handed and right-handed types would create molecular mismatches. Animals and plants cannot build coherent peptides and proteins from mixed pairs of amino acids, or mixed pairs of such sugars as ribose and deoxyribose — the corkscrew backbones of genetic RNA and DNA. It would be like trying to put a left glove on a right hand.

But how the gift of homochirality was bestowed on Earth as a mold for life is an unsolved mystery. Single-handedness had either to arise on the Earth itself, or to arrive from outer space, but which?

Scientists also wonder why biological amino acids happen to be left-handed rather than right-handed, which would be just as suitable for life. Was the choice decided by chance or was there some physical influence favoring left-handedness?

The report Friday from Australia lends weight to a growing body of evidence that homochirality is extraterrestrial in origin.

U.S. Asks Serb To Allow Aid For Kosovars

The Associated Press

PRISTINA, Yugoslavia — A U.S. diplomat urged President Slobodan Milosevic of Yugoslavia on Friday to allow international aid workers to deliver food, medicine and blankets to tens of thousands of ethnic Albanians who fled a major offensive in Kosovo.

Diplomatic sources, speaking on condition of anonymity, said the envoy, Christopher Hill, had also sought assurances that Mr. Milosevic had called off a weeklong offensive in Kosovo, as he promised a European Union delegation Thursday.

Despite the pledge, scattered clashes were reported by both Serbian and Albanian sources. The government's Tanjug news agency said eight ethnic Albanian "terrorists" were killed and several were arrested Friday when they attacked Serbian police near Lipjane, 20 kilometers (12 miles) south of Kosovo's capital city of Pristina.

Three Serbian policemen were seriously wounded, the report said.

The Kosovo Information Center, under ethnic Albanian control, reported heavy shelling of villages close to the Albanian border, including Junik, a rebel stronghold where thousands of Albanian civilians were believed to have taken refuge.

The report could not be immediately confirmed. Junik has been reported under government siege for five days, but Mr. Milosevic told the Europeans that the Serbian troops would not shell the town.

Ethnic Albanians make up 90 percent of Kosovo's 2 million people, and many want independence from Serbia, largest of the two republics left in Yugoslavia.

Mr. Hill, who is the U.S. ambassador to neighboring Macedonia, has been spearheading international efforts to arrange peace talks between Mr. Milosevic and leaders of the ethnic Albanian community.

The rebel Kosovo Liberation Army has been resisting calls to unite behind a moderate ethnic Albanian, Ibrahim Rugova, who favors a peaceful solution.



FIGHTING THE YANGTZE — Villagers in Anhui Province southwest of Nanjing shoring up dikes Friday against the flooding Yangtze River, swollen by a month of heavy rain in Eastern China. Some dikes began collapsing Friday as the river rushed toward Shanghai, the country's largest city.

GOLD: Deutsche Bank Says It 'Deeply Regrets' Its Wartime Role

Continued from Page 1

profit and made little difference to its overall performance as a commercial enterprise, it had great importance in the Nazi war effort."

Ignatz Bobis, head of the Central Council of Jews in Germany, said Deutsche Bank belonged to a "conspiracy of silence" during and after the war.

"German banks must now make all their information public and must no longer resort to the excuse that they had no knowledge of their Nazi-era dealings," Mr. Bobis said.

"I demand that the banks clearly recognize their responsibility for that period of time," Mr. Bobis said. "Of course, it is not the same persons, but it is the same institutions."

In its statement, Deutsche Bank said that it "deeply regrets any injustices"

and that it was "in contact with the World Jewish Congress in this matter."

Both banks previously have rejected the complaint, saying historical research shows they did not know the origin of gold purchased during the Nazi era.

On Friday, a spokesman at Deutsche Bank's headquarters in Frankfurt declined comment on the lawsuit, saying the findings by the commission were not directly related to it.

Dresdner Bank also has commissioned an independent team of historians to comb its archives and write a report on its wartime activities.

A high-level banker at a rival German bank, who asked not to be quoted by name, said he found Deutsche Bank's statement "astonishing" in its comparative openness on the Nazi gold issue.

"In my view, this is something with great legal implications that might cost them money," the banker said.

The commission report, posted Friday on the Internet and later to appear as a book, shifts the debate over Nazi gold to Germany from Switzerland. UBS AG and Credit Suisse Group, Switzerland's two largest banks, have been in talks with Jewish groups for months to settle claims that they bold stolen assets and covered up their Nazi past.

Switzerland's central bank, which was sued last month by Holocaust survivors, said Friday it was carrying out its own study to shed more light on its gold dealings with Nazi Germany during World War II.

New York City and New York state plan to start phasing in sanctions against Swiss commercial banks starting Sept. 1 if a settlement is not reached. California and other states are considering similar action.

Deutsche Bank's stock fell 1.2 percent to close at 139.75 DM (\$79) on Friday.

CAR: Toyota's Hybrid Is a Hit in Japan

Continued from Page 1

per gallon (3.5 liters per 100 kilometers), about double the fuel efficiency of a similar gasoline car. It also has half the gasoline car's carbon dioxide emissions and only 10 percent as much output of carbon monoxide, nitrogen oxides and hydrocarbons.

Toyota executives said at a recent news conference here that their goal was for the American version to qualify for California's new proposed category of "super ultra-low-emission" vehicle.

Since the Prius uses gasoline, it cannot be a zero-emission vehicle. But under a proposal before the California Air Resources Board, such "super ultra-low" vehicles would be granted some credit toward meeting the future requirement that 10 percent of the vehicles sold by major manufacturers meet zero-emission standards.

While Toyota might at first concentrate on California and some other environmentally conscious markets, it eventually hopes to sell nationwide and does not want the car to be typecast as a fringe vehicle.

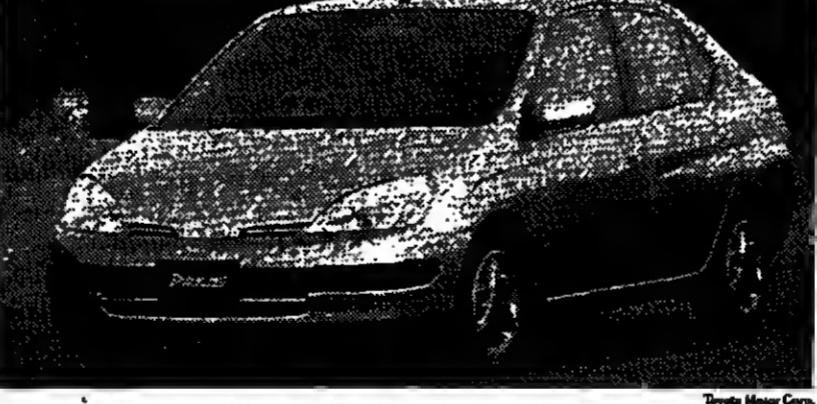
Hiroshi Okuda, Toyota's president, recently announced in Japan that the company plans to export 20,000 Priuses a year starting in 2000, many of them no doubt bound for the United States. By contrast, in the past year only a few hundred electric vehicles have been sold in the United States by all manufacturers combined.

Fully electric vehicles are expensive and can be driven only about 100 miles (160 kilometers) or so before the batteries must be recharged, a process that takes several hours. The Prius, by contrast, can be filled up at a gasoline station like any other car. If it uses power from the gasoline engine to recharge the batteries as the car is driven, so it is never necessary to go to a recharging station.

Because the batteries and gasoline engine help each other, the Prius can get by with smaller versions of each, cutting costs and weight. The batteries, for instance, weigh only about one-fifteenth as much as those in a fully electric vehicle, and the gasoline engine has a capacity of only 1.5 liters.

Under complex computer control, the Prius switches from battery power to gasoline power, or a combination of the two, automatically and seamlessly. The driver just steps on the fuel pedal and is oblivious to what is powering the car.

When the car is idle or starting up at



Toyota is hoping the Prius gasoline/electric car will be popular in America.

slow speed, it is powered by the batteries alone. Therefore, there is no pollution or gasoline wasted when the car is, say, in slow traffic.

At moderate speeds, the car is powered by the gasoline engine. Some of the engine power that is not used to drive the vehicle is diverted to a generator to make electricity used to recharge the battery.

At very high speeds or during full-throttle acceleration, the battery and the gasoline engine work together.

In one 20-minute test drive mainly on city streets with one two-mile stretch of Los Angeles freeway, the Prius achieved only about 24 miles per gallon, far less than the 66 miles per gallon advertised and even out as good as many small all-gasoline cars.

Admittedly, test drivers accelerate more quickly than an average motorist would, but that is not the whole explanation. The fuel economy and low emissions of a hybrid come mainly from using batteries instead of gasoline. But that happens mainly as speeds up to about 10 miles per hour. At higher speeds, when the car relies mainly on gasoline, the Prius is not much more fuel-efficient than other cars. Moreover, with the air-conditioner running, the gasoline engine works while the car is stopped.

In the Japanese mileage test, which simulates congested city driving, the vehicle travels at an average speed of about 14 miles per hour, according to Toshiro Oi, the chief engineer of the Prius.

Toyota officials acknowledge that they have work to do to deliver the promise of the Prius under American driving conditions. Right now, for instance, the Japanese version of the car would qualify only as a "low-emission vehicle" in California, two ranks below the rating Toyota hopes to obtain with the American version.

POLICY: Sanctions Are Ineffective Tools

Continued from Page 1

fearing that unilateral sanctions in particular are hurting American business or diplomatic interests more than the foreign countries or companies they are intended to punish.

Earlier this month, Congress exempted food exports from sanctions automatically imposed on India and Pakistan after the two countries conducted nuclear tests in May. The exemption was made in part because the penalties would have barred American farmers from bidding on a \$3 billion wheat order from Pakistan.

Last week, a Senate committee proposed a popular bill to punish foreign countries, including China, that endorsed or permitted religious persecution after business groups protested that the punishments would alienate diplomatic allies and trading partners.

"There is a very significant re-evaluation going on regarding sanctions, as there should be," said Senator Chuck Hagel, the Nebraska Republican who led the fight to set aside the Senate's religious persecution bill.

The administration is also recalibrating its approach. In 1996, President Bill Clinton signed into law bills aimed at

isolating Cuba, Libya and Iran. But when the measures threatened to draw Washington into a legal challenge and trade war with Canada and European allies, the administration backed down.

"Having gone through these experiences, it made people realize we needed a better process for the executive branch," said Stuart Eizenstat, under-secretary of state for economic affairs.

The proliferation of sanctions has prompted the State Department and the Senate to form special panels to review the usefulness of sanctions. Legislation is pending in the House and Senate that would require a cost-benefit analysis for any new sanctions and would end them after two years unless they were reauthorized.

"The free ride for sanctions is over," said Richard Haas, a former national security advisor to President George Bush and an editor of a new book on sanctions and diplomacy. "Like other foreign policy tools, sanctions are now subject to greater scrutiny."

Administration and congressional leaders say they are not abandoning sanctions entirely. Instead, they want to use them sparingly and in a more focused way.

CAMBODIA: Opposition Voters Afraid

Continued from Page 1

After interviewing villagers who had taken refuge at Prince Ranariddh's party headquarters.

"A lot of it is the history of this country," he said. "When someone makes a threat, they take it seriously."

Most of the villagers who fled here are old enough to remember the mass killings that followed the takeover in 1975 by the Khmer Rouge. All of them have watched the reprisals of Mr. Hun Sen's forces, who have killed at least 100 opponents since a coup a year ago in which Prince Ranariddh was ousted as Mr. Hun Sen's co-prime minister.

In addition to the reports of violence and threats, reports are accumulating from opposition party election monitors of a broad pattern of small-scale cheating during the vote count Monday that also favored the ruling party.

These included the barking of some opposition monitors from polling places and the miscounting of some opposition votes as votes for Mr. Hun Sen's party. The two opposition leaders have protested against election irregularities, and Mr. Sam Rainsy has demanded a review of some of the results.

CLINTON: Legal Angle of Starr's Case Is Uncharted Territory

Continued from Page 1

relationship, the perjury of which he would be guilty in the Jones suit would likely have little legal consequence since that lawsuit was dismissed and it can be argued that Mr. Clinton's perjury was not therefore "material," as required by the statute.

But even that is not clear. Alan Dershowitz of Harvard Law School said that since it was not known at the time that the suit would be dismissed, Mr. Clinton's testimony could be considered material.

All experts agree that if Mr. Clinton is charged with perjury in the upcoming grand jury investigation, that would be far more damaging than any perjury charge from the Jones civil case even though there would be no real legal distinction between two

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Eximbank Sets Loans For Thais

U.S. Body Offers Credits Of \$1 Billion to Firms

By Thomas Crampton
International Herald Tribune

BANGKOK — The United States and Thailand on Friday finalized a trade financing agreement that mirrors a new and fast-growing program in South Korea to provide credit to cash-starved companies buying U.S. raw materials.

The \$1 billion agreement signed with the Export-Import Bank of the United States could provide "lifeblood" for Thai companies needing short-term financing, said James Harmon, chairman of the bank.

Asia's financial crisis has sent the cost of exports tumbling, but it also has devastated national banking systems and virtually halted trade-related loans.

This has left Asian companies unable to get badly needed cash to purchase imported components and led to sputtering export growth, despite hefty currency devaluations.

Although Thai export prices dropped 15.5 percent from last year, the value of exports fell 12.1 percent in dollar terms on a year-to-year basis in May, the Bank of Thailand reported Friday.

The agreement signed on Friday will allow loans to be funneled to companies through local banks and be guaranteed by Thailand's own Exim Bank. Intended for the purchase of U.S. raw materials and parts needed for the production of goods, loan maturity is generally limited to 180 days.

Aprom Chewakengkrai, economic adviser to Prime Minister Chuan Leekpai, welcomed the accord as a way to help alleviate the impact of the breakdown of the commercial bank system.

"These credits will help relieve the problems for companies now that the commercial bank system is still not functioning," Ms. Aprom said.

Imported parts and components account for up to 40 percent of the value of Thailand's exports.

Demand was so great for a similar program in South Korea set up in February that the Exim Bank will soon increase the funds available to \$1.25 billion from \$1 billion. After issuing virtually no short-term loans last year, the bank extended \$750 million of credit to South Korean companies within four months, Mr. Harmon said.

"For the first time, Asian countries

See BANK, Page 13



Llew Aviss, personnel chief at the Siemens AG plant in Tyneside, England, explaining plans Friday to close it.

Siemens to Close English Chip Plant

Company Blames Worldwide Collapse in Prices of Semiconductors

Courtesy of Our Staff From Dispatches

LONDON — Siemens AG said Friday it planned to close its semiconductor plant in Tyneside, northeast England, just 15 months after it was opened.

A total of 1,100 people will lose their jobs.

The company said it had no choice but to cease production from September because of the global glut of computer chips.

Chip prices now stand at less than \$1.50. They were at about \$9 in January 1997.

The company cited the Asian recession as a major cause of the weak state of the chip industry.

Siemens will also close a chip plant in Munich, eliminating 1,550 jobs.

Siemens had decided to close the Tyneside plant because it was one of its smaller plants and had "clear cost disadvantages." The company said it would work with the British government to try to find a way to keep the plant open, but said the chances of that were slim.

When the Tyneside plant was cer-

emonially opened, Queen Elizabeth declared that it brought Britain "to the forefront of semiconductor manufacturing."

Closing the plant will cost about £250 million (\$372 million), accounting for most of Siemens' planned reorganization costs this year, according to Ulrich Schumacher, the head of the company's semiconductor division.

"The market conditions turned out to be very bad, and we had no alternative," he said.

Closing the two plants will help Siemens slash semiconductor losses by almost 50 percent next year, after an expected loss of more than \$360 million this year, the company said.

The company employs about 380,000 people worldwide.

"It's a brave move," said Peter Roen, an analyst at Paribas Capital Markets. "Given where they were, it was the best decision to make, and the market is likely to react positively because they are taking quite decisive action."

The German company is the latest semiconductor maker to cut production.

Mr. Schumacher laid part of the blame for the industry's problems on South Korea. That country supplies 40 percent of the world's DRAM memory chips.

Mr. Schumacher said Korea was benefiting unfairly from International Monetary Fund loans.

"The IMF has been pumping a lot of money into South Korea, and we can only assume that a lot of that is finding its way into the semiconductor industry. We cannot continue to manufacture with this kind of pricing," he said.

The Tyneside factory's closing marks the second major blow to British manufacturing in as many weeks. Rover Group, a division of BMW AG, announced at least 1,500 job cuts last week, blaming the strength of the pound for hurting exports.

Union leaders were quick to blame the pound for Siemens' decision to close its British plant rather than a plant in some other country with a more competitive currency.

But the company said the choice of Tyneside reflected its production volume.

(Reuters, Bloomberg)

Asia Puts the Brakes On U.S. Economy

But Quarterly Growth of 1.4% Tops Forecasts

Courtesy of Our Staff From Dispatches

WASHINGTON — The U.S. economy slowed in the second quarter, the government said Friday, but not as much as economists expected because strong consumer spending blunted some of the shock from the crisis in Asia.

The gross domestic product, the total output of goods and services, expanded at a 1.4 percent annual rate in the second quarter, the Commerce Department said. That is down sharply from a revised 5.5 percent growth rate in the first quarter, but is still much stronger than most economists and analysts had expected.

"This is a tremendously strong report," said Roseanne Cahn, an economist at CS First Boston.

She said that if the impact of a strike at General Motors Corp. and one-time adjustments to trade figures were excluded, second-quarter growth would have been 2.7 percent.

Average with first quarter growth of 5.5 percent and you get a 4.1 percent first half," she said. "That isn't slow."

Still, it was the most sluggish quarter in three years and at least temporarily interrupted a remarkable run of robust growth unseen in the United States since the economy was climbing out of the deep slump of the early 1980s.

The slowdown was enough to keep the stock market pinned back as investors worried about the impact of the Asian economic crisis on corporate profits in the coming months.

The Dow Jones industrial average closed 143.65 points lower at 8,833.29, and declining issues outnumbered advancing ones by a 3-to-1 ratio on the New York Stock Exchange.

"Half of the companies that came out with decent earnings warned that the second half might be pretty tough," said Warren Simpson, a money manager at Stephens Capital Management Inc.

"The effects of Asia are everywhere. That's the main culprit."

"Our economy continues to enjoy strong growth," he said at the White House. "This is growth the right way, led by business investment and built on a firm foundation of fiscal discipline. Prosperity and opportunity abound for the American people."

Strikes at GM and auto-parts manufacturing plants, which idled 200,000 workers and were settled just this week, subtracted a half percentage point from

second-quarter growth.

The sharpest deterioration in the U.S. trade balance on record subtracted 2.4 percentage points. Exports fell at an 8 percent annual rate, largely because economically troubled Asian countries no longer can purchase as many U.S. goods. Imports grew at an 11.9 percent rate as U.S. manufacturers struggled to compete against Asian goods made cheap by sharp currency devaluations.

With Asia still shaky and with GM out of commission for nearly all of July, economists are expecting economic growth in the July-September quarter also to be subdued. But they forecast a rebound during the final three months of the year.

"It will be a sort of twin-tire year," said David Wyss, an economist at Standard & Poor's DRI. "Soft in the middle."

The report showed that consumer spending remained healthy, increasing at a brisk 5.8 percent annual rate. That is down only slightly from the 6.1 percent rate of the first quarter.

"This isn't the slowdown everyone was waiting for," Bill Cheney, an economist at John Hancock. "Even with the General Motors strike, people have jobs and rising wages, and they just feel too good to stop spending."

Consumer purchases of big-ticket items from cars to computers increased at a 10 percent rate, down from 15.8 percent in the first quarter.

Businesses also continued to spend heavily on new equipment — especially computers. Equipment spending rose at a 17.8 percent annual rate. That is not nearly as rapid as the 34.3 percent rate of advance in the first quarter, a near 15-year record, but still very strong.

The report also showed that inflation had all but disappeared. A price measure tied to the GDP rose at a 0.8 percent annual rate, the smallest increase since 1963.

Cooling economic growth along with few signs of inflation should allow the Federal Reserve Board to refrain from raising interest rates.

"It's the best of both worlds — strong growth and low inflation," said Jack Ablin, chief investment officer at Colonial Asset Management.

That outlook for steady interest rates kept a floor under Treasury bond prices. The price of the benchmark 30-year issue rose 3/32 point to close at 105 24/32, sending the yield down to 5.71 percent from 5.73 percent Thursday.

"You don't need to be an economist to see this economy is on fire," said Richard Yamareo, economist at Argus

See GROWTH, Page 10

Borders to Begin a New Chapter on Oxford Street

By Tom Buerkle
International Herald Tribune

LONDON — The sweet smell of new maple shelves wafts through the spacious, four-level store as the new staff scurries to display tens of thousands of books, compact disks and videos and get the espresso machine up and running.

Borders Inc., the No. 2 U.S. book retailer and originator of the supermarket concept, is arriving on Oxford Street in the heart of London's busiest shopping district.

The shop, which opens Saturday, is the leading edge of an American invasion that promises to change the shape of book retailing in Britain and beyond.

There is usually little in common between the U.S. and British bestseller lists, and several previous attempts by American retailers to expand into Europe have ended in failure.

But Robert DiRomualdo, Borders' chief executive, is confident that his vast assortment of titles, convivial ambiance and long hours — the shop will open from 8 A.M. to 11 P.M. Monday to Saturday — will appeal to British book buyers.

"If we can tailor a store to be customer-friendly in Seattle, and customer-friendly in Norman, Oklahoma, why not London?" he said in an interview in the shop's second-floor cafe.

He added: "We can tailor a store to be customer-friendly in Seattle, and customer-friendly in Norman, Oklahoma, why not London?" he said in an interview in the shop's second-floor cafe.

Mr. DiRomualdo is not alone in asking that question.

While Borders is shaking up the British High Street with the first of a string of city-centered superstores, Amazon.com has acquired Bookpage, a fledgling Internet book retailer here, as a springboard to the British, and eventually European, markets.

Speculation is rife in the industry that Barnes & Noble Inc., the leading American retailer, is about to make a plunge of its own in Britain, perhaps via the local suburban retailer Ottakr's. Bertelsmann AG, a big German publisher, is expected to launch its own Internet retailing site later this month, with localized distribution for the U.S. and European markets.

"It will be a book market that is international as far as the English language is concerned," said Ulrike Grunrock, a spokeswoman for Bertelsmann.

The influx of U.S. marketing power and savvy heralds an unprecedented level of competition in a country where the works of Shakespeare, Dickens and Woolf were traditionally deemed too important to be discounted.

Price competition has been tepid since it was first allowed on books here in 1995, but Clive Vaughan, an analyst with Verdict Research Ltd., predicts that the U.S. invasion will spark a wave of

price competition on books here. "We're trying to build a global brand," Mr. DiRomualdo said. "It's an adult playground."

Tim Waterstone, who shook up book retailing here in the 1980s and has recently led a buyout creating HMV Media, the country's largest chain with a 20 percent market share, professes to be more than ready for the challenge.

Waterstone's and Dillon's outlets are small shops of less than 10,000 square feet, he recently opened his first 26,000-square-foot superstore in Glasgow and plans up to 20 more over the next three years. They include a 40,000-square-foot flagship on Oxford Street; a few doors down from Borders.

"I think the great change happened 10 years ago when Waterstone's and Dillon's opened some great bookstores," he said. "It's more of the same for us."

Four more stores are under construction in Glasgow, Brighton, Leeds and London, with more to come.

Borders also recently opened a shop in Singapore and is coming soon to Melbourn.

Prices will offer discounts of around 30 percent on some 40 bestsellers, both paperback and hard cover.

But Mr. DiRomualdo insists that the main accent will be on assortment and service.

The 39,000-square-foot (3,623-

square-meter) store, by far the largest of a major book retailer in Britain, will stock nearly 150,000 book titles, some 2,000 magazines and newspapers and a floor of CDs and videos.

Emphasis will be on local tastes under the influence of British executives from the local Books Etc. chain, which Borders bought last year. A steady stream of readings, signings and other events are planned.

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"We're trying to build a global brand," Mr. DiRomualdo said. "It's an adult playground."



Bookstores have evolved into gathering places, like this Borders Book & Music shop in Rockville, Maryland. Borders plans to bring that ambience to Britain.

Bill O'Leary/The Washington Post

off its upmarket bookshops to HMV. W.H. Smith also owns Britain's No. 1 Web retailer, the Internet Bookshop, but analysts say the site and Waterstone's Web effort lack the ease of ordering and

personalized features of American sites such as Amazon.com.

"Yes, they're on-line, but they're not marketing on-line," said Nick Jones, an analyst at Jupiter Communications.

U.S. Fines IBM Unit

Computers Sold to a Russian Weapons Lab

Courtesy of Our Staff From Dispatches

WASHINGTON — A subsidiary of IBM Corp. pleaded guilty Friday to 17 federal charges that it shipped computers to a Russian nuclear weapons laboratory. The company agreed to pay \$8.5 million in fines.

IBM East Europe/Asia Ltd., the Russian subsidiary of IBM, admitted in U.S. District Court in Washington that it sold and exported \$1.5 million worth of computers in late 1996 and early 1997 to Arzamas-16, which federal prosecutors described as a nuclear weapons lab.

Federal officials said the company knew the computers would be used "directly or indirectly" in research, design and testing of nuclear explosives. One official said the transactions constituted "serious violations of export control laws."

The Commerce Department had previously denied the company's request to approve the sale, citing U.S. policies to stem the spread of nuclear weapons.

As punishment, the department fined the subsidiary \$171,000 and suspended its export privileges for two years but said it would lift the suspension during a probationary period after the company promised not to sell computers for nuclear or military use.

Separately, a Mexican judge cleared three IBM executives of fraud charges on Thursday over a multi-million-dollar computer system sold to Mexico City officials that failed to work. The decision came a week after IBM agreed to pay \$37.6 million to the city for a system intended to provide a criminal case database.

(AP, Reuters)

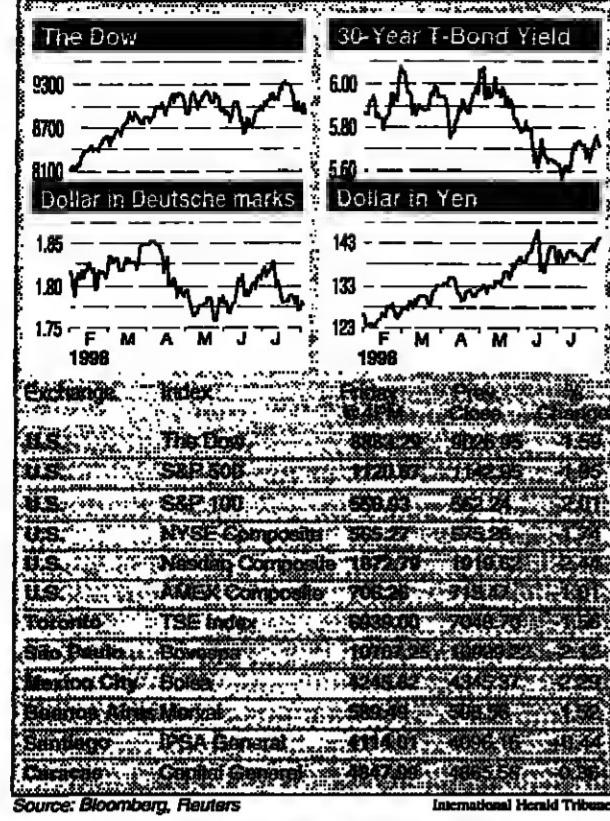
Istituto Finanziario Industriale S.p.A.

Joint Stock Company

Corporate Offices: 26,

THE AMERICAS

Investor's America



Source: Bloomberg, Reuters

Gore Pushes for Electronic Privacy Protection

Tokyo Policy Undermines Flagging Yen

Bloomberg News

NEW YORK — The dollar rose against the yen Friday after Finance Minister Kiichi Miyazawa of Japan suggested that his country would not sell dollars soon to prop up the yen and on a report of higher-than-expected U.S. economic growth.

Mr. Miyazawa said economic performance, not market manipulation by governments, should determine the yen's value. That bodes poorly for the yen because the economy is mired in its worst recession in 50 years.

"Under usual circumstances this would be a reasonable policy, but

FOREIGN EXCHANGE

with the Japanese economy falling off a cliff, it does raise the question of how quickly the yen could fall," said Ken Waten, an economist at the Pantheon Capital Markets who forecasts that the dollar would rise to 150 yen by the end of September.

The dollar was quoted at 4 P.M. at 144.615 yen, up from 143.720 yen Thursday.

It slumped to 1.7768 Deutsche marks from 1.7805 DM on expectations that economic reports out of Germany next week would provide proof that growth there is picking up, supporting prospects for higher interest rates.

The dollar slipped to 5.9565 French francs from 5.9703 francs and rose to 1.4918 Swiss francs from 1.4905 francs. The pound fell to \$1.6327 from \$1.6363.

The dollar got some support from a report showing that the U.S. gross domestic product in the second quarter rose at a 1.4 percent annual pace, better than expected.

"The dollar loves it," said Margaret Kudarauskas, senior foreign exchange analyst at Technical Data & Thompson Research in Boston.

Evenflo to Split From Spalding

Bloomberg News

TAMPA, Florida — Evenflo & Spalding Holdings Corp. said Friday that it would split in two, separating Evenflo Co.'s child products, which range from car seats to cribs, from Spalding Sports Worldwide, which sells Top-Flite golf balls and Etonic running shoes.

The company said it would retain control of the Spalding operations and keep a 42 percent stake in Evenflo. Two shareholders, Kohlberg Kravis Roberts & Co. and Abarco NV, will make investments in Evenflo, with Kohlberg through a subsidiary, gaining 51 percent of its stock and Abarco 7 percent.

Evenflo & Spalding also warned that third-quarter profit from operations would be "significantly below" last year.

GROWTH: Economy Slows but Stays Far Above Forecasts

Continued from Page 9

Research Corp. Still, there were signs of strain for manufacturers, especially those whose sales to Asian customers are falling.

The Federal Reserve said industrial production stalled in June, which may have caused businesses to trim their stockpiles of unsold goods. Inventories grew at a \$44.7 billion annual rate in the second quarter, the GDP report showed.

"There is still no light at the end

United Orders 22 Airbus Jets

The Associated Press

SEATTLE — In a defeat for Boeing Co., United Airlines has ordered 22 jetliners from Airbus Industrie.

The order, which United said Thursday would complete its current fleet plans, consists of 12 narrow-body A-320s and 10 A-319s, which will be delivered in 2000 and 2001.

The order was a setback for Boeing, which earlier this year received an order valued at \$3.2 billion from United for Boeing's wide-body jets.

The value of the Airbus order was not announced. But the Seattle Post-Intelligencer estimated it at about \$1 billion.

In early June, the Justice Department

sumer credit reports.

"Privacy is a basic American value," Vice President Al Gore pressed Friday for new laws to prevent companies from collecting personal information from children who use Internet Web sites, chat rooms and e-mail.

"We're beginning to see the flesh put on the bones," said Deirdre Mulligan, a privacy specialist at the Center for Democracy and Technology, an advocacy group in Washington.

"These are very specific proposals that relate to issues that advocates and the public have raised."

Critics have complained about a 1996 law that would assign every American a computer number to track health care from birth to death, noting that it allows insurance companies, doctors and drugstores to replace medical records for broadly defined "medical operations."

Mr. Gore called it "one of the worst things to happen to privacy

since Alan Funt," who created the "Candid Camera" television series, in which ordinary people were filmed in supposedly spontaneous, embarrassing moments.

Children using the Internet would find new protections under Mr. Gore's plans.

Federal regulators said this summer that many companies collect personal information from children online, sometimes asking for their names and e-mail addresses — even questions about their personal finances — using animated characters or posing the questions as incentives to join a contest or play a game.

"You don't do business with an 11-year-old without parental consent," said Robert Pofolny, chairman of the Federal Trade Commission, which already has asked Congress for new laws limiting how Web sites may collect information from children.

of Asia's problems," according to a forecast by Ed Hyman, an economist at ISI Group.

Big manufacturers and multinational corporations were the biggest losers on the stock market Friday.

U.S. STOCKS

Caterpillar lost 1 7/16 to 48 1/4, Coca-Cola fell 2 1/4 to 80 3/4 and General Electric fell 1 13/16 to 89 1/4.

Poctor & Gamble pulled the Dow lower, falling 4 to 79 1/4 a day after warning that its earnings were likely to suffer from weakness in Asia and price competition. About half of P&G's sales come outside the United States.

The Standard & Poor's 500 closed at 1,120.67, down 22.28.

Technology issues continued to weigh on the market, with the Nasdaq composite index falling 46.83 points to close at 1,872.79. Industry benchmarks lost, with Dell Com-

puted dropping 4 5/32 to 108 19/32 and Compaq losing 7 1/2 to 32 13/16.

Intel fell 3 3/16 to 84 7/16 and Microchip dropped 3 3/16 to 110 1/4.

Ascend Communications was the most actively traded issue, falling 7 1/32 to 44 15/32 on rumors it was in talks to buy Stratus Computer, which makes computers that run nonstop for companies such as banks and telephone companies. Stratus rose 7 1/2 to 28 1/4.

Ciena fell for a second day, losing 5 1/16 to 74 1/16 after AT&T stopped testing a Ciena product and said it would consider other products from the maker of equipment used to boost the capacity of phone networks and its rivals.

Tellabs, which agreed last month to acquire Ciena, fell 4 1/2 to 75 9/32.

Starbucks Coffee fell 5 1/2 to 41 1/2 after the biggest U.S. gourmet coffee retailer reported slow sales growth at stores open more than a year.

(AP, Bloomberg, Reuters)

Pearson's Simon & Schuster Deal Faces Stepped-Up Review

By Doreen Carvajal
New York Times Service

NEW YORK — The British media group Pearson PLC is facing a new round of scrutiny from U.S. antitrust regulators in its bid to become the world's biggest educational publisher with the purchase of most of Simon & Schuster.

In early June, the Justice Depart-

ment extended its examination of the competitive impact of Pearson's purchase of Simon & Schuster's educational, professional and reference publishing business from Viacom Inc. But a Pearson spokesman said Thursday that this phase, known as a second request review, was not unexpected, and that the transaction was still on track to be completed this year.

Last year, more than 3,700 companies filed notices in connection with mergers, but of those the Justice Department subjected only 120 to the second level of review.

Pearson declined to disclose what information the Justice Department was seeking, although a person who has been briefed on the review said regulators were examining the merger's impact on the diversity of textbook

books for students in the kindergarten through high school market and the potential concentration in the college market in textbooks for chemistry, biology, math and physics.

Pearson agreed in May to buy Simon & Schuster's operations for \$4.6 billion, striking a deal to sell the reference unit to Houghton Mifflin & Furst for \$860 million.

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U.S. STOCK MARKET DIARY

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July 31, 1998

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EUROPE

Court Backs Lloyd's on Debt Recovery Plan

By Tom Buerkle
International Herald Tribune

LONDON — Lloyd's of London won a significant legal victory over former investors in the insurance market on Friday when the Court of Appeal rejected the investors' bid to overturn an earlier judgment allowing Lloyd's to recover more than £150 million (\$246 million) in debts.

The ruling strengthens Lloyd's in its efforts to recover a total of £30 million in debts from some 3,000 former investors, known as Names, and close a painful chapter of litigation stemming from the market's unprecedented \$8 billion worth of losses in the early 1990s.

Those Names have refused to

pay their share of the losses, alleging that Lloyd's disguised the market exposure to enormous asbestos and pollution claims in order to attract new investors during the 1980s. Lloyd's has argued that the Names were in breach of their contractual obligations, which under the market's rule of unlimited liability require them to cover any losses up to the value of their entire assets.

"We've got a watertight legal judgment," said Philip Holden, debt recovery chief at Lloyd's. "There is now nowhere to go" for Names to escape their debts, he said.

Catherine Mackenzie Smith, the barrister who heads the United Names Organization that supported the appeal attempt, called the

decision a "great disappointment" and promised an appeal to the European Court of Human Rights in Strasbourg.

"I have reluctantly come to the conclusion that the judges are persuaded that the public interest lies in protecting Lloyd's and ensuring the survival of Lloyd's at all costs," she said.

About 100 Names are suing Lloyd's for fraud, and discovery in that case is scheduled to begin in October. But the appellate ruling upholds a key plank of Lloyd's financial recovery plan, which requires that Names pay their debts before being allowed to take any legal action.

"Many Names will be ruined before justice can be done," Mrs. Mackenzie Smith said.

It is unclear whether Lloyd's can actually recover the debts because senior executives have acknowledged that many Names are effectively bankrupt. But Mr. Holden said he was recovering payments at the rate of £2 million a month even before the ruling.

"Quite a large amount of cash can be recovered," he said.

Meanwhile, Lloyd's announced Friday that corporate investors had bought a further 1.5 percent of the market's underwriting capacity from Names in the second of a series of six auctions this week.

The auctions, which run through September, are expected to leave corporate investors controlling about three-quarters of the market.

Opposed to German Plans, Rolls-Royce Chief Resigns

The Associated Press

LONDON — The chief executive of Rolls-Royce Motor Cars Ltd. resigned Friday rather than go along with two German automakers' plans to move production of Rolls-Royces out of its current factory.

Graham Morris expressed "deep personal regret" at leaving Rolls-Royce, which has been purchased by Volkswagen AG for \$700 million.

But Mr. Morris said he felt unable to stay amid plans by VW and its rival Bayerische Motoren Werke AG to carve up the company into two groups, one making Rolls-Royces and the other making Bentleys.

When VW bought the Rolls-

Royce factory in Crewe, England, from the engineering conglomerate Vickers PLC, it was not able to buy the rights to the Rolls-Royce brand name. VW signed a deal Tuesday that eventually will let BMW produce Rolls-Royce cars at a new factory.

BMW bought the Rolls-Royce brand name and logo for \$66 million from Rolls-Royce PLC, the jet engine maker that controlled them for years. Rolls-Royce PLC wanted BMW, its partner in an aerospace venture, to make Rolls-Royce cars beginning Jan. 1, 2003. VW will then rename its part of the company Bentley Motor Cars. VW will keep producing Bentleys in Crewe.



Graham Morris, who is resigning as the chief of Rolls-Royce.

IMF Plans \$2.2 Billion Loan to Bolster Ukraine Reserves

Compiled by Our Staff From Dispatches

KIEV — International Monetary Fund officials said Friday they would recommend a loan for Ukraine of about \$2.2 billion to help bolster the country's dwindling reserves.

Ukraine may get a first payment of as much as \$250 million on the three-year loan by the end of August, the IMF officials said.

Under the economic blueprint agreed upon by Ukraine and the IMF, the budget deficit as a proportion of gross domestic product is

to be reduced to 3.3 percent in 1998, and to around 2 percent in following years.

Ukraine has sustained many of the ills to which Russia fell prey during its financial crisis last spring. The government has had difficulty in boosting its tax revenues and balancing its budget, while the after-shocks of the Asian financial crisis have made investors wary of moving into its markets.

Ukraine spent about \$1.2 billion of its reserves in the first six months

this year to support its currency as foreign investors fled, leaving it with about \$1.75 billion.

Without IMF help, analysts believe that the Ukrainian economy — and currency — could buckle under the weight of mounting debt.

Ukraine, with a population of about 50 million, has attracted about \$2 billion in foreign investment since the Soviet collapse, while Hungary lured \$18 billion and Poland more than \$20 billion.

(Bloomberg, AFP)

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(Bloomberg, AFP)

WORLD STOCK MARKETS

Friday, July 31

Daily prices in local currencies.

Telekurs

High Low Close Prev.

Amsterdam AEX Index 1229.25 1229.25 1229.25 1229.25

ASX All Ord 53.30 53.50 54.00 53.00

Austria Austria 195.00 184.00 192.00 192.00

Ashok 63.00 61.00 61.00 61.00

Astro 160.00 155.00 155.00 155.00

ASVA Lira 50.00 52.00 52.00 52.00

ASVR Verz. 180.70 185.70 185.70 185.70

Baum Co. 120.00 120.00 120.00 120.00

Baumarkt 20.70 20.70 20.70 20.70

Bayern Genoss 149.00 151.20 151.20 151.20

BMW 149.00 149.00 151.20 151.20

BMW Group 153.00 153.00 153.00 153.00

BMW Welt 150.00 150.00 150.00 150.00

NYSE

Friday's 4 P.M. Close

The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

12 Month High Low Stock Div Yld PE 100% High Low/Lated Chgs

	High	Low	Stock	Div	Yld	PE	100% High	Low/Lated Chgs	12 Month High	Low	Stock	Div	Yld	PE	100% High	Low/Lated Chgs	12 Month High	Low	Stock	Div	Yld	PE	100% High	Low/Lated Chgs		
3704 2144 AAR	.34	.13	20	210	244	254	254	-.7%	1200 2004 ABM	.24	23	235	225	225	225	225	225	1136 2124 ABM	.17	16	210	200	200	200	200	200
2770 2204 ACE	.27	.23	21	210	220	220	220	-.7%	24 2144 ACE Ltd	.10	10	302	270	270	270	270	270	1116 2254 ACE Ltd	.10	10	302	270	270	270	270	270
42 2044 ACEM	.43	.39	21	210	210	210	210	-.7%	1116 2044 ACEM	.10	10	302	270	270	270	270	270	1116 2044 ACEM	.10	10	302	270	270	270	270	270
1076 2104 ACIA Sc	.59	.51	21	603	603	603	603	-.7%	1776 2104 ACIA Sc	.59	.51	21	603	603	603	603	603	1776 2104 ACIA Sc	.59	.51	21	603	603	603	603	603
15 1204 ACIACOM	.26	.23	21	210	210	210	210	-.7%	2770 1704 ACIACOM	.26	.23	21	210	210	210	210	210	1776 1704 ACIACOM	.26	.23	21	210	210	210	210	210
15 1204 ACIA MU	.50	.48	21	113	113	113	113	-.7%	2770 1704 ACIA MU	.50	.48	21	113	113	113	113	113	1776 1704 ACIA MU	.50	.48	21	113	113	113	113	113
2770 1704 ACK Tech	.24	.19	21	190	179	179	179	-.7%	2770 1704 ACK Tech	.24	.19	21	190	179	179	179	179	1776 1704 ACK Tech	.24	.19	21	190	179	179	179	179
55 2524 AEGIS Cr	.29	.27	67	67	46	45	45	15%	2770 1704 AEGIS Cr	.29	.27	67	67	46	45	45	15%	1776 1704 AEGIS Cr	.29	.27	67	67	46	45	45	15%
265 2214 AELAC	.24	.21	21	210	210	210	210	-.7%	2770 1704 AELAC	.24	.21	21	210	210	210	210	210	1776 1704 AELAC	.24	.21	21	210	210	210	210	210
5479 2104 AEM	.16	.15	21	160	160	160	160	-.7%	2770 1704 AEM	.16	.15	21	160	160	160	160	160	1776 1704 AEM	.16	.15	21	160	160	160	160	160
2770 1704 AEMC	.17	.16	21	160	160	160	160	-.7%	2770 1704 AEMC	.17	.16	21	160	160	160	160	160	1776 1704 AEMC	.17	.16	21	160	160	160	160	160
1776 1704 AEMC	.17	.16	21	160	160	160	160	-.7%	2770 1704 AEMC	.17	.16	21	160	160	160	160	160	1776 1704 AEMC	.17	.16	21	160	160	160	160	160
1776 1704 AEMC	.17	.16	21	160	160	160	160	-.7%	2770 1704 AEMC	.17	.16	21	160	160	160	160	160	1776 1704 AEMC	.17	.16	21	160	160	160	160	160
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2770 1704 AEMC	.17	.16	21	160	160	160	160	-.7%	2770 1704 AEMC	.17	.16	21	160	160	160	160	160	1776 1704 AEMC	.17	.16	21	160	160	160	160	160
2770 1704 AEMC	.17	.16	21	160	160	160	160	-.7%	2770 1704 AEMC	.17	.16	21	160	160	160	160	160	1776 1704 AEMC	.17	.16	21	160	160	160	160	160
2770 1704 AEMC	.17	.16	21	160	160	160	160	-.7%	2770 1704 AEMC	.17	.16	21	160	160	160	160	160	1776 1704 AEMC	.17	.16	21	160	160	160	160	160
2770 1704 AEMC	.17	.16	21	160	160	160	160	-.7%	2770 1704 AEMC	.17	.16	21	160	160	160	160	160	1776 1704 AEMC	.17	.16	21	160	160	160	160	160
2770 1704 AEMC	.17	.16	21	160	160	160	160	-.7%	2770 1704 AEMC	.17	.16	21	160	160	160	160	160	1776 1704 AEMC	.17	.16	21	160	160	160	160	160
2770 1704 AEMC	.17	.16	21	160	160	160	160	-.7%	2770 1704 AEMC	.17	.16	21	160	160	160	160	160	1776 1704 AEMC	.17	.16	21	160	160	160	160	160
2770 1704 AEMC	.17	.16	21	160	160	160	160	-.7%	2770 1704 AEMC	.17	.16	21	160	160	160	160	160	1776 1704 AEMC	.17	.16	21	160	160	160	160	160
2770 1704 AEMC	.17	.16	21	160	160	160	160	-.7%	2770 1704 AEMC	.17	.16	21	160	160	160	160	160	1776 1704 AEMC	.17	.16	21	160	160	160	160	160
2770 1704 AEMC	.17	.16	21	160	160	160	160	-.7%	2770 1704 AEMC	.17	.16	21	160	160	160	160	160	1776 1704 AEMC	.17	.16	21	160	160	160	160	160
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2770 1704 AEMC	.17	.16	21	160	160	160	160	-.7%	2770 1704 AEMC	.17	.16	21	160	160	160	160	160	1776 1704 AEMC	.17	.16	21	160	160	160	160	160
2770 1704 AEMC	.17	.16	21	160	160	160	160	-.7%	2770 1704 AEMC	.17	.16	21	160	160	160	160	160	1776 1704 AEMC	.17	.16	21	160	160	160	160	160
2770 1704 AEMC	.17	.16	21	160	160	160	160	-.7%	2770 1704 AEMC	.17	.16	21	160	160	160	160	160	1776 1704 AEMC	.17	.16	21	160	160	160	160	160
2770 1704 AEMC	.17	.16	21</td																							

ASIA/PACIFIC

NEC Pays \$225 Million For Control of Packard

Bloomberg News

TOKYO — NEC Corp., Japan's largest maker of personal computers and microchips, said Friday that it would spend \$225 million to take control of Packard Bell NEC Inc. in a bid to restore the California company to profitability.

Packard Bell will use the new dose of cash to promote sales and speed restructuring so the company can compete against rivals for computer sales in the United States and Europe, NEC said without giving details. Packard Bell has lost ground to Dell Computer Corp., which sells to U.S. customers directly, while Fujitsu Ltd., Japan's largest computer maker, has eaten into NEC sales in Japan.

NEC will bolster its voting power in closely held Packard Bell to 52.81 percent from 49 percent. Another major shareholder, Groupe Bull SA of France, will increase its investment by \$25 million to control at 11.68 percent stake.

Packard Bell was founded in 1986, when Benny Alagren and two partners bought rights to the name from Teledyne Corp. The company pioneered the home computer, and

in 1996 it merged with NEC Corp.'s PC business and Groupe Bull's Zenith Data Systems.

The goal of the merger was for Packard Bell to get needed cash and for NEC to get a brand name and increased market share in the United States, the largest market for PCs.

Packard Bell, which Gartner Group Inc.'s Dataquest says ranks fifth in worldwide PC shipments, has seen its U.S. market share slip to about 9 percent from 15 percent three years ago, industry figures show. Prices plummeted, prompting plant closings and firings.

Packard Bell had a pretax loss of \$487 million in 1997 on sales of \$3.89 billion. Mr. Alagren resigned last month as president and chief executive officer, citing differences with NEC and Bull.

As a result of NEC gaining control, Packard and Bell NEC will cooperate in procurement of materials and will consolidate factories and sales channels, said Seijiro Yokoyama, senior executive vice president of NEC.

The new spending should help Packard Bell make a profit again in the second half of calendar 1999, added.

2 Korean Banks Confirm Merger

The Associated Press

SEOUL — Two major Korean banks confirmed Friday that they would merge to form the country's largest single bank, giving a much-needed boost to President Kim Dae Jung's efforts to clean up the debt-ridden banking system.

The combination of two of the nation's top five banks — Hanil Bank and Commercial Bank of Korea — will create a bank with assets of 102 trillion won (\$8.42 trillion) Japanese savers hold in financial assets, are expected to become more popular after banks are permitted to sell them in December.

The agency also banned Sanwa from setting up a holding company until August 1999. The agency said it was especially hard on Sanwa because of the bank's "extremely inappropriate behavior."

The agency could make Sanwa fall behind rivals in over-the-counter sales of mutual funds, which are known as investment trusts in Japan. Their sale will be liberalized in Japan in December.

Other major banks, including Bank of Tokyo-Mitsubishi Ltd., Industrial Bank of Japan Ltd. and Sumitomo Bank Ltd. were ordered to submit reports to the agency about how to improve their operations.

Mr. Yokoyama said. The Packard

Bell brand will survive, he said.

"We're doing this to remain a

true global player in PCs — the days

are gone when you can depend on just

one market," Mr. Yokoyama said.

NEC will most likely sell Packard

Bell shares only after reporting 18

months of profit, Mr. Yokoyama

added.

Also, they asked the government to take over a portion of their nonperforming loans, estimated to total \$10.4 billion.

Japan Agency Punishes 15 Financial Institutions

Compiled by Our Staff From Dispatches

TOKYO — The Financial Supervisory Agency of Japan said Friday it had punished 15 banks and securities firms, with the harshest sentence going to Sanwa Bank Ltd., for entertaining financial officials in return for leaked information.

The agency banned Sanwa from selling mutual funds for a year, saying Japan's fourth-largest commercial bank bribed Ministry of Finance and Bank of Japan officials in exchange for information about interest rates and bank inspections.

The agency also banned Sanwa from setting up a holding company until August 1999. The agency said it was especially hard on Sanwa because of the bank's "extremely inappropriate behavior."

"The penalty is severe," Sanwa Bank's president, Naotaka Sasaki, said. The bank apologized for the bribery scandal, recognized the significance of the penalties and would "draw up an operational restructuring plan" for management, he said.

Other banks cited by the agency were Dai-Ichi Kangyo Bank Ltd., Sakura Bank Ltd., Fuji Bank Ltd., Asahi Bank Ltd., Hokkaido Takushoku Bank Ltd. and Long-Term Credit Bank of Japan Ltd.

The brokers cited were Nomura Securities Co., Nikko Securities Co., Daiwa Securities Co., Yamachi Securities Co. and Sakura Securities Co.

(AP, Bloomberg, Reuters)

JAPAN: Bad Economic Data Greet New Prime Minister

Continued from Page 1

from 4.1 percent a month earlier. Some 2.84 million are now out of work, 24 percent more than a year ago. The number of jobs available — 51 for every 100 applicants — is also falling, the government said.

Workers at manufacturers with more than 30 employees clocked 18.7 percent less overtime in June compared with the same month last year, the Labor Ministry said. That helped push down wages adjusted for inflation by 0.9 percent, the 12th decline in the last 13 months.

A decline in spending has led builders to cut the prices of new homes, surveys show, and consumers can find steep bargains at department stores, supermarkets and golf courses.

Consumer prices nationwide fell 0.4 percent in June from May, with food, entertainment and transportation costs declining the most. Adjusted for inflation, prices fell 0.1 percent. In Tokyo, prices plunged 0.8 percent in July from June.

The largest Japanese retailers, meanwhile, sold 4.8 percent less in June from a year ago.

The government has already started spending its latest 16.65 trillion yen economic-stimulus package, which includes tax rebates worth as much as \$500 per family paid in June. The government will funnel 7.7 trillion yen into public works projects to help construction companies.

Mr. Obuchi repeated Friday that he wants an additional 6 trillion yen in tax cuts, a move that will likely come early next year.

■ A High-Profile Adviser

Earlier, Stephanie Stroh of the

New York Times reported:

In his first full day of work as Japan's new prime minister, Keizo Obuchi embarked on an all-out charm offensive, wooing the international markets with a high-profile economic appointment.

He named Toyoo Gyohten, a legendary Japanese financier known for holding his own against the West, as special adviser.

Mr. Gyohten's appointment is meant to serve as assurance to foreign investors and world leaders that Mr. Obuchi, who is regarded as somewhat of a financial novice, is serious about pulling Japan's economy out of

the worst slump in decades. A former vice minister for international affairs at the Ministry of Finance, Mr. Gyohten earned the respect of such luminaries as Paul Volcker, the Federal Reserve chairman during the Reagan administration, and Karl Otto Pöhl, a former Bundesbank president, in work at both the International Monetary Fund and the Asian Development Bank.

He speaks fluent English and is said to be at ease in the rough-and-tumble confrontations that mark Western-style negotiations, which make most Japanese extremely uncomfortable.

He also was a leading player in negotiations that led to the Plaza Accord, the 1985 agreement by the Group of Seven nations to end the dollar's supremacy and bolster the value of the yen.

"For all his storied internationalism and open-mindedness, Toyoo Gyohten may well be the most formidable Japanese adversary the West has ever faced in the financial arena," Institutional Investor wrote in a profile of him shortly after the Plaza Accord was signed.

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Hyundai Fires 1,569 Workers

Compiled by Our Staff From Dispatches

SEOUL — Hyundai Motor Co. fired 1,569 workers Friday despite union workers' warnings that mass layoffs will lead to a prolonged strike at the country's leading automaker.

Some 3,000 unionized Hyundai workers, rallying in the company grounds, pledged to continue their work stoppage, which has crippled operations for 12 days.

"What management announced today means nothing," the Hyundai Motor union, one of the nation's most militant, said. "We will continue to fight until the company retracts the layoff decision."

Hyundai said Friday it fired the workers because of "urgent management reasons."

The job cuts will trim Hyundai's monthly 100 billion won (\$81 million) wage bill and help the company ride out Korea's deepest recession in four decades.

(AP, Bloomberg)

Those institutions are thought to have wined and dined officials of the Finance Ministry and the Bank of Japan in return for favorable treatment.

The ban on Sanwa comes as mutual-fund trusts start to take off as an investment vehicle for individuals. The funds, which account for only 3.6 percent of the 1.200 trillion yen (\$8.42 trillion) Japanese savers hold in financial assets, are expected to become more popular after banks are permitted to sell them in December.

The agency also banned Sanwa from setting up a holding company until August 1999. The agency said it was especially hard on Sanwa because of the bank's "extremely inappropriate behavior."

"The penalty is severe," Sanwa Bank's president, Naotaka Sasaki, said. The bank apologized for the bribery scandal, recognized the significance of the penalties and would "draw up an operational restructuring plan" for management, he said.

The agency could make Sanwa fall behind rivals in over-the-counter sales of mutual funds, which are known as investment trusts in Japan. Their sale will be liberalized in Japan in December.

Other major banks, including Bank of Tokyo-Mitsubishi Ltd., Industrial Bank of Japan Ltd. and Sumitomo Bank Ltd. were ordered to submit reports to the agency about how to improve their operations.

(AP, Bloomberg, Reuters)

BANK: Thai Firms Get Aid

Continued from Page 9

that had graduated from using the Exim Bank for the short-term financing of raw materials and spare parts are turning back to official export credit agencies," Mr. Harmon said.

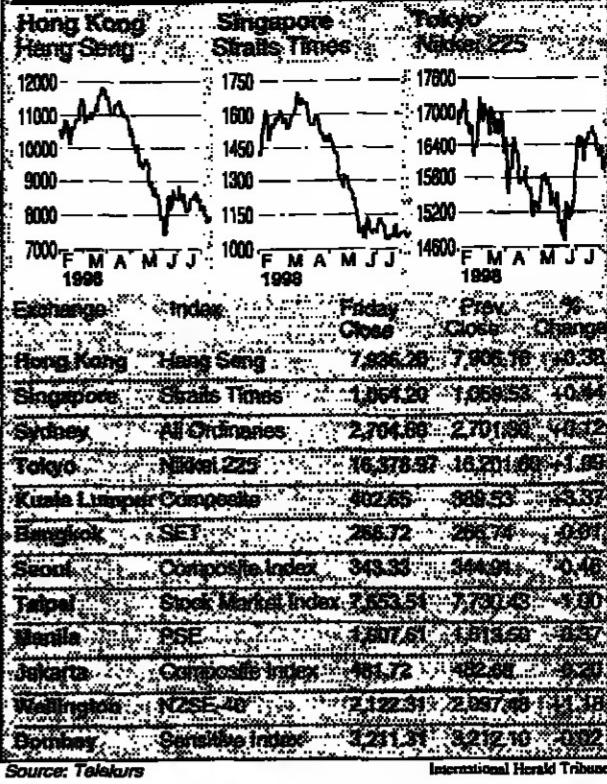
Official export support to Asia by the Group of Seven nations has dropped by half from last year, Mr. Harmon said, reflecting a reduction in the purchase of heavy equipment and capital goods. But the amount of short-term financing has increased dramatically, he added.

"As long as I can look back, Thailand has not used an Exim Bank short-term program like this," Mr. Harmon said.

While such programs will help keep Asian companies afloat, they may also sap the will to change old habits, said Jan Lee, chief regional economist at Hong Kong & Shanghai Banking Corp.

"You cannot simply buy a restructured economy with money," Mr. Lee said. "The key for Asia's recovery is getting companies to move up the value-added scale."

Investor's Asia



Source: Telekurs

International Herald Tribune

Very briefly:

- China Three Gorges Project Development Corp., the company in charge of the world's biggest dam project, hired Morgan Stanley Dean Witter & Co. to draft preliminary documents for a sale of shares on the New York and Hong Kong stock exchanges, according to published reports.

- Samsung Corp., the trading arm of Samsung Group of South Korea, said first-half sales rose 33 percent, to a record 17.7 trillion won (\$14.4 billion). A spokesman for the group denied speculation it was building a war chest to acquire either Kia Motors Corp. or Korea First Bank.

- Bank Negara Malaysia plans to reduce its three-month intervention rate by half a percentage point, to 10.5 percent, effective Monday. The central bank said inflation was contained and the current-account balance had improved.

- PT Pertamina, the state-owned Indonesian oil company, closed its offices in Singapore, New York and London to save money needed to offset fuel subsidies. The company is also seeking to sell all its fuel production-related subsidiaries.

- American Express Co. has applied with the Japanese Finance Ministry to offer investment-advisory services.

- United Overseas Bank Ltd. of Singapore said first-half profit fell 35 percent, to 256.4 million Singapore dollars (\$149.4 million), as it made provisions for current and potential bad loans in Asia. Net interest income rose 5 percent, to 608.4 million dollars.

APP, Bloomberg, Reuters

Indonesia Utility Chief Loses Job

Bloomberg News

JAKARTA — Indonesia fired the president of PT Perusahaan Listrik Umum Negara on Friday and warned that the giant power utility would need 117 trillion rupiah (\$8.83 billion) from the government in the next five years to stay afloat.

The executive, Djiteng Marsudi, who had drawn fire from the minister of state enterprises, Tami Abeng, for allowing corruption to flourish during the Suharto years, was replaced by Adi Suryo, director of a unit that runs plants on Java and Bali.

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(Continued)

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INTERNATIONAL FUNDS

July 31, 1993

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Herald International Tribune SPORTS

SATURDAY-SUNDAY, AUGUST 1-2, 1998

WORLD ROUNDUP

Americans Advance

BASKETBALL The United States routed South Korea, 88-62, Friday to reach the second round at the World Championship in Athens. Lithuania and Yugoslavia both won Friday to stay unbeaten, while Russia also advanced.

The Americans finished second in Group C, behind Lithuania, which rallied late to beat Brazil, 66-62.

Nigerian center Julius Nwosu was suspended after testing positive for ephedrine. Nwosu, who played briefly in the National Basketball Association, was tested after Nigeria's game on Wednesday. (AP)

Kluivert Talks to United

Soccer Patrick Kluivert is to fly to England this weekend to discuss terms after Manchester United agreed to pay AC Milan a £9 million (\$14.8 million) transfer fee for the Dutch striker. (Reuters)

Oiler Kevin Lowe Retires

ICE HOCKEY Kevin Lowe, the defenseman who was Edmonton's first draft pick, scored the Oilers' first National Hockey League goal and stayed with them through five Stanley Cups and more than 1,000 games, retired Thursday. Lowe, 39, also helped the New York Rangers to the 1994 title before rejoining the Oilers. (AP)

Stanley Returns to Boston

BASEBALL Trading activity was light Thursday on the eve of the July 31 deadline. Boston re-acquired catcher Mike Stanley from Toronto, Anaheim acquired catcher Charlie O'Brien from the Chicago White Sox and Atlanta obtained first baseman Greg Colbran from Colorado. In each case the price was two minor-league pitchers. (AP)

FOURSOMES By Nancy Nicholson

ACROSS
 1 Court conference
 2 Cakes of a sort
 13 Gotham City
 14 Go-goer
 19 It's all around
 1100 B.C. in Europe
 20 Fires
 21 In a New York minute
 22 1990's foursome
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 25 1996 Tony writer
 26 right
 27 You wouldn't want to be caught in one
 28 Bean —
 29 Singer in a field
 32 — Varner, Faulkner woman
 33 Gruen, electricity-producing city
 35 Baseball stats
 36 Photographer Goldin
 37 Silence
 38 Tin Pan Alley org.
 44 Noncash deposit
 45 Literary foursome
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 49 Semimannual occurrence
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 53 Pitch
 54 Ransom
 55 Olds
 56 Fields of activity
 57 Certain turn-on
 58 "O for a Thousand Tongues" composer
 59 Changes a file being, e.g.
 61 Not a name
 62 French F.B.I.
 67 Con-Var.
 68 Critical foursome
 71 White wine aperitif
 72 Native-born Israelis

75 Fenway Park locale
 76 Their words are divine
 80 Get via roving
 81 Quirks
 82 Tex-Mex snack
 83 "El Dorado" rock group
 84 Sticker in the "Ild"
 85 — de Triomph
 86 "We — the World"
 87 Rocky Mountain pass
 88 Bankrolls
 89 Court foursome
 90 Dedicated
 91 Symbols of obstinacy
 92 "A Doctor Zhivago"
 93 One of Ophelia's towers
 94 Tennis legend Lacoste
 95 Super Bowl XXXII outcome
 96 Some Pablo Neruda works
 97 Enters cyberspace
 98 Duchamp contemporary
 99 Home of Ephesus
 100 Corn —
 101 TV foursome
 102 Annual foursome
 103 What one plume writes on
 104 Scrooge-like
 105 Rustled
 106 Does penance
 107 Spanish saint and namesakes
 108 Drown
 109 Rival, perhaps
 110 2 Dander
 111 3 Edmond O'Brien film role, 1950
 112 4 Consign
 113 5 Bundles
 114 6 Mulder of "The X-Files," for one
 115 7 Tramp
 116 8 Weather whipping boy
 117 9 Ken-L-Ration competitor
 118 10 Lachland, e.g.
 119 11 Rustled
 120 12 Does penance
 121 13 Housewife wife of a Mast Housewife
 122 14 Way out of the public eye
 123 15 Ether end of Alaska
 124 16 Decree
 125 17 Devotes
 126 18 Brahman, e.g.
 127 19 Spanish saint and namesakes
 128 20 Kind of spoon
 129 21 Went through channels?
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 133 25 Sad music
 134 26 Newsmaking 60's grp.
 135 27 Trump
 136 28 Weather whipping boy
 137 29 Sealed
 138 30 Awakening
 139 31 Santa —
 140 32 Pendiente word of Warner Brothers cartoons
 141 33 Miss in a 1934 song
 142 34 Sound before "Yeah, you!"
 143 35 Palindromic
 144 36 Big tops
 145 37 Castro's predecessor
 146 38 Like the sound of a going of a going
 147 39 U.S. Army medal
 148 40 Words of understanding
 149 41 Org. in the Mapleton brookhouse
 150 42 Squeak (at)
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 152 44 "Gig" composer
 153 45 "Get outta here!"
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DAVE BARRY

Face It, You're Fat

MIAMI — Today I have an extremely important topic to discuss with you, but before I decide what it is, I need to "set the record straight" or something:

In a recent column, I made a statement that turned out to be inaccurate. Yes. Although the error was corrected by a few alert editors, many newspapers, tragically, did not catch it.

My statement was that Gleem toothpaste used to have an ingredient called "Gardol," which created an Invisible Protective Shield that deflected baseballs. This is simply not true. It was actually COLGATE toothpaste that had Gardol. I am not sure what Gleem had in the way of a cavity-fighter. I know it wasn't Buckley Beaver, because he was affiliated with Ipana toothpaste, although eventually he developed a drinking problem and wound up working in porno cartoons. I'm thinking maybe Gleem had that obnoxious little tooth who was always

getting tied to the railroad tracks by Mister Tooth Decay. But I don't want to speculate on this until I have all the facts.

Why am I so concerned about accuracy? Because American journalism — which had already sunk to the same level of public trust as Charles Manson — recently had a series of embarrassing incidents in which writers for respected magazines and newspapers simply made up quotations and sources. The most prominent example was The Washington Post, which on June 24 was forced to print a front-page statement admitting that there is not, nor has there ever been, any "Marion Barry."

In an effort to find out what's behind this disturbing trend of reporters inventing sources, I interviewed the president of The American Association of Journalists, Warren P. Cormorant Jr.

"Why do journalists make up sources and quotations?" Cormorant asked rhetorically, as he leaned back in his worn leather chair and idly scratched his scalp with a Dorito shard. "I'll tell you why. Because when we interview real people, they talk too fast for us to write it down, plus they never say anything interesting. I know for a fact that Kenneth Starr is a hermaphrodite."

But that is it, my point is that this column is dedicated to giving you, as accurately as possible, the information that you need to lead an informed, productive and happy life, which is why today I am pleased to report that, according to guidelines recently adopted by the federal government regarding body weight, the odds are that you, personally, are a big wad of fat.

Perhaps you are wondering why the federal government, an institution that encompasses not only Newt Gingrich, but also both of President Clinton's thighs, is setting standards for body weight. The answer can be found in the U.S. Constitution, which states that the primary function of the government is, quote, "to constantly think up rules and guidelines that no real person can understand, let alone follow." The shining federal example is of course the Internal Revenue Service, which has done such a fine job that as of 1997, only nine U.S. citizens were in full compliance with all tax regulations, and six of those people perished while undergoing the IRS's new "Jungle Challenge" auditing program.

So anyway, several years ago, the National Institutes of Health was alarmed to discover that, under the federal body-weight guidelines, only one-third of all Americans were classified as overweight. This meant that a shocking TWO-THIRDS of Americans were within federal weight guidelines, which is a flagrant violation of federal guidelines regarding federal guidelines. And so the NIH convened a panel of experts and they came up with a new, much stricter, set of guidelines, under which, to quote the NIH report, "basically every U.S. citizen, living or dead, is classified as overweight except the woman who plays Monica on 'Friends.'"

But the point is that if you're an American, you're overweight. The question is: Who is responsible? I interviewed the U.S. Surgeon General about this, and he or she told me: "I blame food. It's everywhere! Some mornings I wake up and there are Snickers bars in bed with me! I'm taking up smoking."

You may rest assured that we here in journalism will keep you updated on this important story until we get bored with it later today. Meanwhile, we ask that you help "keep us on our toes" by reporting any inaccuracies you find in this column, or anywhere else, to the publisher of this newspaper, Citizen Kane. Who by the way could stand to lose a few kilograms.

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Because when we interview real people, they talk too fast.'

A 'Bottomless' Movie: Bad Kids in a Bad Time

By Joan Dupont
International Herald Tribune

AVIGNON, France — Seoul, with its high rises and toiling business workers, and students, may look like the capital of overachievers. Jang Sun Woo's "Timeless, Bottomless, Bad Movie" reveals the city's underbelly, its drop-outs, up to no good. Jang, considered one of Korea's leading directors, says he gave the movie its title because, "an English journalist suggested I call it 'Timeless,' since these kids live day to day, another said I should call it 'Bottomless,' because they have no place to squat. And it's a bad movie about bad kids. 'Bad Movie' is the title in Korea."

At Avignon, a retrospective of Korean and Taiwanese films was selected by Jean-Michel Frodon, a critic with *Le Monde*, who introduced the uncut version of Jang's film as "a very good bad movie."

"Bad Movie" is a slangy, upside-down inside-out documentary style "Threepenny Opera," scripted by and starring a group of runaway kids. Nothing quite like it has come out of any other country, East or West. "I put up tracts to recruit the kids with a story in mind, but when I found them, I gave up my script and let them tell their own stories," Jang said. "During the six months of shooting I felt more like a soccer coach than a director."

Using a hand-held camera and other video and animation techniques, he closed in on the convulsed antics of seemingly unaffected delinquents — their drug parties, group raids and a gang rape. He cut the stories into chapters, and gave each a heading that rings like a thriller, such as, "Getting Rid of Bird-Brain."

"English is our second language of course," Jang said, "yet the kids who have these nicknames speak it strangely, and I don't really speak it at all."

"I made this movie with my son



Jang Sun Woo: "I felt more like a soccer coach than a director."

in mind: He was 18 then and could only think about his entrance exams. I felt sorry for him — there's so much to see in the world and he could only study. He succeeded his exams and came on the movie, composing music, and got along with these kids."

Jang, 46, is a shy man who blushes easily and talks with dif-

ficulty about his nine films, each different from the last, lyrical and spiritual raw and tough like a bunch of stray kids. He tends to call them bad and boring. "I, too, am footloose, and, after each movie, I have to make something completely different."

His disparate films reflect the divisions of his country, the pull

of tradition, communism, capitalism and deeply embedded Buddhist philosophy.

In a Jang movie, reality bites; even in a bucolic meditation like "Search for Buddha" (1993), about a young orphan on the loose, he shoots scenes of unbilled sexuality. He shocked again with "The Petal" (1996), on the infamous May 1980 Kwangju massacre, told through the eyes of a girl who survived.

"It took me all these years to make 'The Petal,'" he says. "But I became a filmmaker because of the Kwangju massacre, and I vowed that some day I would make a movie that dealt with the tragedy."

In 1980, Jang, an archaeology student at Seoul University, was arrested and tortured for spreading leaflets about Kwangju, where hundreds of civilians protesting the military coup d'état were killed under the orders of General Chun Doo Hwan, who later became president.

"I was a brilliant student," Jang said, "but I chafed under the system, so I took to the road. Twice I was arrested and after a fight with knives I was placed in a detention center — that was very useful when I worked with the kids, they were impressed."

South Korea, he feels, is under the sway of too many ideologies, "economic, democratic, conservative, and Confucian"; it's a moral, hierarchic society. We had the Japanese occupation, and since the Korean War, we've had to live with the American military. So we are always searching for our cultural identity."

In "Timeless, Bottomless, Bad Movie," the kids dye their hair orange, invent their own martial arts, knife, kick, punch, burn, burn on each other. In Seoul's orderly metro, each has a way of taking on the turnstile: One jumps, another ducks, a third does a hip-hop dance. They are tricksters, beggars, prostitutes and thieves.

"Yet I found these kids to be sweet and free, not that bad. And

after the film, they started to think of their future. I was a bad influence," he laughs "because now they're all preparing university entrance exams. They've changed. I think that when you get interested in kids, it changes them."

The lost child, the outsider, has often been Jang's storyteller. Adapting the Buddhist allegory of Hwa Om Kyung, in "Search for Buddha" a boy forages the countryside, eating in the mud, drinking polluted water; he is beaten and jailed, then embraced and loved by an older woman.

"In Buddhist imagery, the lotus is in the mud; the image of the petal too is from the lotus. And you could say that Korea is in the mud. Most religions avoid sex, but in Buddhism, you have to confront sexual desire to achieve wisdom. Even though I don't practice, I have a lot of Buddhist monk friends and love to travel with them. I probably became a filmmaker instead of becoming a monk."

Jang's films, unreleased abroad, make a stir at such festivals as Cannes and Berlin. "Bad Movie" was shown at Pusan and Tokyo and will be shown at Sarajevo and at Montreal this fall. "I went to the San Francisco Festival and to Hawaii, and I felt good there, but America and Korea have a heavy history. During the '80s there was a strong anti-American movement in Korea; many young people killed themselves in protest to U.S. military rule."

And he is aware that Americans have a negative image of Koreans, as if they were somehow more mercantile, less interesting — and less beautiful — than their Asian neighbors.

The first wave of immigrants to the U.S. was poor which may have contributed to that image; this generation is different. In Korea, the young people contradict the previous generation. My films, too, contradict the previous generation. I believe in the new generation. And I think that Koreans are the most beautiful."

PEOPLE



SIGHTSEERS — The Spanish soprano Monserrat Caballe, in Moscow for a benefit concert, and her daughter, Monserrat Marti, visiting the Kremlin.

THE film star Michael Douglas has been named an UN messenger of peace and said he would campaign for nuclear disarmament, the control of small arms and payment of the huge U.S. debt to the world body. "I hope to use the entertainment communications ability we have around the world to talk a little less about movies and hopefully a lot more about some of the issues pertaining to the United Nations," he said after being introduced at a press conference by Secretary-General Kofi Annan. "This probably means as much to me as any of the two Oscars that I got," Douglas said. His fellow messengers include Luciano Pavarotti and Magic Johnson.

Reality check: The 35th anniversary of the Beatles movie "A Hard Day's Night" is next year. The milestone team working on the rock movie for re-release, with several minutes of never-before-seen footage of the Fab Four goofing off. "They're not outtakes — it shows the Beatles fooling around with the wardrobe people, that

sort of thing," the producer, Walter Shewson, said. The black-and-white movie encapsulates Beatle mania and inspired the era of music videos.

Leonardo DiCaprio made one young woman's wish come true. The "Titanic" heartthrob has paid a private visit to Sang Lan, the 17-year-old Chinese gymnast who was paralyzed at the Goodwill Games in New York. Sang, who has been nearly immobile since she broke her neck last week during a warmup vault, revealed this week that she'd love to meet the 23-year-old actor. DiCaprio visited his fan at a Manhattan rehabilitation clinic. The two met alone for about an hour.

Fans will find a new place to dwell in the heart of Elvis Presley country when the Heartbreak Hotel officially opens next spring in Memphis, Tennessee. Elvis Presley Enterprises bought a hotel near Presley's Graceland mansion and will give it a new theme based on his first million-selling album.



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SPORTS

Mercedes' Formula One Chase Is Closing In

By Brad Spurgeon
International Herald Tribune

PARIS — The two McLaren-Mercedes cars again dominated Friday in the early practice for the German Grand Prix at Hockenheim. For Mercedes-Benz, which makes the team's engines, it promised a long-awaited victory in its home Grand Prix on Sunday.

Last Sunday, Mercedes-powered cars won in the world's two leading open-wheel race series: at the Austrian Grand Prix and the U.S. 500 in Michigan. McLaren-Mercedes cars lead the Formula One title race, while Mercedes won the manufacturers' title last year in the Championship Auto Racing Teams, or CART, series.

Yet, last weekend was clouded by a tragedy that conjured up memories of one of the worst days in motor racing and Mercedes history.

In the U.S. 500, the Ford-powered car of Adrián Fernández hit a wall; a wheel and other parts flew into the crowd, killing three spectators. More than 43 years earlier, on June 11, 1955, at the Le Mans 24-hour race, a Mercedes driven by Pierre Levegh flew off the track and

killed more than 80 spectators.

The Le Mans crash caused Mercedes, whose involvement in auto racing began with the Daimler engine that powered the winning car in the first-ever auto race, the Paris-Rouen in 1894, to withdraw from racing for 30 years.

The company returned in 1985 as an engine supplier to Peter Sauber's Swiss-based sports car team. By 1989, with Sauber as its official factory team, Mercedes won the international sports car championship. The crowning achievement was a victory at the Le Mans.

Now the McLaren-Mercedes team leads the race for the Formula One constructors' title. It is the only title Mercedes has not won since its return to motor racing. It is also the most important, Mercedes says.

"If you put together all the other categories of motor racing, they don't get the worldwide exposure and the audience that Formula One alone gets," said Norbert Haug, the head of Mercedes Motorsport.

Mercedes' re-entered Formula One discreetly in 1993 (with a label on an Ilmor engine in a Sauber car), but did not

taste victory until 1997, when David Coulthard won the Australian Grand Prix in a McLaren-Mercedes. Haug said the secret to that victory was in the paint job: after racing for two years in red and white the team colored the McLaren cars silver and immediately won the first race.

"We should have done that much earlier," Haug said. "It was continuing the history of the Silver Arrows car."

In 1994, a Penske-Mercedes-Ilmor engine powered a Penske car driven by Al Unser Jr. to victory in the engine's first effort in the Indianapolis 500. But victory in Formula One remained elusive. Mercedes dropped the Sauber team after 1994 in favor of McLaren, but even with this top team it took two more seasons before that first Mercedes victory. For a time, the engine just kept breaking down.

"We pushed to the limit and created a huge acceleration process within the whole organization and that cost us some reliability," Haug said. "But that's the only way forward. Being reliable and slow achieves nothing."

A win at the German race would be the first there for Mercedes since 1954. It would also confirm that McLaren-

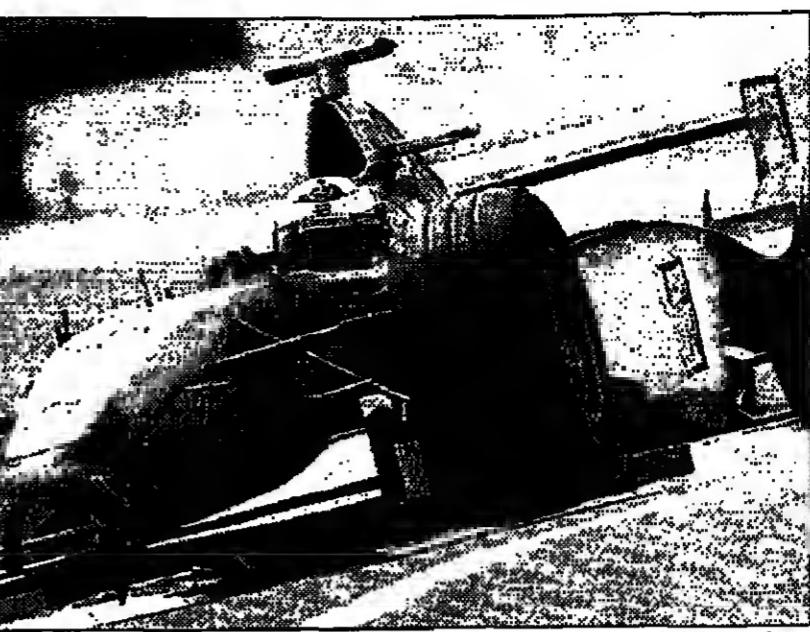
than 300 workers, including Mercedes engineers, at Ilmor Engineering, whose headquarters are in England. The engines are tested on the Mercedes test bench in Germany.

Ilmor came to prominence in the 1980s building engines under the Chevrolet name for Roger Penske. The American businessman and CART team owner also owns a quarter of Ilmor, as does Mercedes.

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Steve Eason/epa/Retna
Mercedes-McLaren's David Coulthard practicing Friday at Hockenheim.

Mercedes has returned to its early-season dominance. Its cars won five of the first six races, before Michael Schumacher won the next three in a Ferrari.

Some have wondered whether Mercedes-McLaren team's success is a revival of the Mercedes tradition or a

continuation of the winning habits of McLaren, which builds the chassis and runs the racing team.

"I don't waste one second of my time asking how much is them and how much is us," Haug said. "We are McLaren-Mercedes, and we are a team."

SCOREBOARD

BASEBALL**MAJOR LEAGUE STANDINGS**

AMERICAN LEAGUE		NATIONAL LEAGUE	
EAST DIVISION	WEST DIVISION	EAST DIVISION	WEST DIVISION
New York 72 - 71 L 47 - 46 G 8	Atlanta 65 - 74 L 42 - 47 G 8	St. Louis 55 - 63 L 33 - 45 G 8	Chicago 54 - 65 L 35 - 46 G 8
Boston 65 - 71 L 42 - 46 G 8	San Diego 55 - 65 L 34 - 46 G 8	Philadelphia 55 - 65 L 34 - 46 G 8	Cincinnati 55 - 65 L 34 - 46 G 8
Milwaukee 55 - 65 L 34 - 46 G 8	Los Angeles 55 - 65 L 34 - 46 G 8	Montreal 55 - 65 L 34 - 46 G 8	Pittsburgh 55 - 65 L 34 - 46 G 8
Houston 55 - 65 L 34 - 46 G 8	San Francisco 55 - 65 L 34 - 46 G 8	Atlanta 55 - 65 L 34 - 46 G 8	St. Louis 55 - 65 L 34 - 46 G 8
Tampa Bay 55 - 65 L 34 - 46 G 8	Seattle 55 - 65 L 34 - 46 G 8	Baltimore 55 - 65 L 34 - 46 G 8	Philadelphia 55 - 65 L 34 - 46 G 8
Central 55 - 65 L 34 - 46 G 8	St. Louis 55 - 65 L 34 - 46 G 8	St. Louis 55 - 65 L 34 - 46 G 8	St. Louis 55 - 65 L 34 - 46 G 8
West 55 - 65 L 34 - 46 G 8	Seattle 55 - 65 L 34 - 46 G 8	Seattle 55 - 65 L 34 - 46 G 8	Seattle 55 - 65 L 34 - 46 G 8

FOOTBALL**NATIONAL FOOTBALL LEAGUE****CONFERENCE EAST****CONFERENCE WEST****AMERICAN FOOTBALL****CONFERENCE EAST**